

PUBLIC DISCLOSURE

November 5, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

OneUnited Bank

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<p>NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its assessment area(s).

*This document is an evaluation of the CRA performance of **OneUnited Bank (“OneUnited” or the “Bank”)** prepared by the Division and the FDIC, the institution’s supervisory agencies, as of **November 5, 2013**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The assessment area(s) evaluation may include visits to some, but not necessarily all of the institution’s branches. The FDIC and Division rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.*

The Federal Financial Institutions Examination Council (“FFIEC”) interagency evaluation procedures require the FDIC to evaluate a bank’s overall performance and also each individual state in which the institution has a branch; therefore, an overall rating and individual state ratings are provided. The Division also assesses the bank’s overall performance using similar guidelines, and considers the performance in each state; however, primary emphasis is placed on the performance within the Commonwealth of Massachusetts.

INSTITUTION'S CRA RATING: This institution is rated “Needs to Improve”

STATE CRA RATINGS:

This institution is rated Satisfactory by the FDIC and the Division in California.

This institution is rated Needs to Improve by the FDIC and the Division in Massachusetts.

This institution is rated Substantial Noncompliance by the FDIC and Division in Florida.

The Bank's CRA performance was evaluated using the Interagency *Intermediate Small Institution (ISI)* Examination Procedures, which consist of a Lending Test and a Community Development Test. The following is a summary of the Bank's overall performance.

LENDING TEST – Needs to Improve

Overall, the Bank's lending activities are less than reasonable. The overall lending performance was adversely affected by the limited number of loans in Suffolk County, which is also known as the Massachusetts assessment area. During the evaluation period the Bank originated or purchased only 2 loans in 2011, 16 loans in 2012, and 8 loans in year-to-date (YTD) 2013. Additionally, the Bank made an insignificant number of loans in Miami-Dade County, (2 in 2011, 3 in 2012, and 3 in 2013), which is also known as the Florida assessment area.

The overall lack of lending in Massachusetts and Florida is attributed to various factors, including limited resources and staff in these two assessment areas. The Bank improved its performance in the California assessment area since the last evaluation, dated October 4, 2010. The improvement is attributed to having dedicated staff that regularly seeks loan origination opportunities in the Los Angeles County market area. Management believes that its performance in the Massachusetts and Florida assessment areas is commensurate with its size, opportunities, and lack of demand in those markets; however, market share reports reflect demand and opportunity for lending by entities of varying sizes.

Although a majority of the Bank's business activities occur in California, the Bank is obligated to meet the lending needs of its assessment areas in both Massachusetts and Florida. As was stated previously, the Bank only originated or purchased 26 loans in Massachusetts and only 8 loans in Florida during the entire evaluation period (October 4, 2010 through November 5, 2013). As such, the Bank does not meet the standards for a “Satisfactory” performance in Massachusetts and Florida.

As a result, a meaningful analysis of OneUnited's lending, particularly in Florida, was not feasible due to the lack of loans.

The Bank's overall net loan-to-deposit (“LTD”) ratio is considered more than reasonable. Additionally, 83.9 percent of the Bank's total residential mortgage loans in 2011, 2012, and YTD 2013 (January 1 through September 30) were inside OneUnited's assessment areas, with the majority made in the California assessment area. While the Bank's overall geographic distribution, by percentage, reflects reasonable dispersion in low- and moderate-income census tracts, particularly in the California assessment area, the low number of loans in Massachusetts and Florida impacts the overall performance and is considered poor. Despite the number of loans originated in California, the number of home mortgage loans originated or purchased in all assessment areas to low- and moderate-income borrowers was at a low level, and as a result, the overall borrower characteristic criterion reflects poor penetration.

Refer to the Lending Test sections of this evaluation for details.

COMMUNITY DEVELOPMENT TEST - Satisfactory

Overall, the Bank's community development activities demonstrated adequate responsiveness to the assessment areas' cumulative needs. While the overall performance is considered adequate, the Bank's performance was adversely affected by the lack of performance in each assessment area, particularly in the Florida assessment area.

During the evaluation period, the Bank originated a significant number of qualified community development loans (CDLs). However, all the CDLs were originated in the California assessment area, with no loans originated in either the Massachusetts or Florida assessment areas. All the CDLs in the California assessment area were secured by multi-family dwellings and provided affordable rental housing to the assessment area. In total, OneUnited Bank originated 62 CDLs in its California assessment area, totaling approximately \$51 million. The number of CDLs originated during the current evaluation period is an improvement over past performance.

Analysis of the Bank's qualified investments revealed donations in each assessment area, one small equity investment in the California assessment area, and 12 certificates of deposit (CDs) in community development financial institutions (CDFIs). The Bank's qualified donations in 2011 and 2012 represented .68 percent and 1.1 percent of pre-tax net operating income, respectively. The level of qualified donations increased since the last evaluation. Additionally, it should be noted that 4 of the CDs are located inside the Bank's California and Florida assessment areas and 2 are in Oakland, California which benefits a broader statewide or regional area that includes the California assessment area.

A review of the Bank's qualified community development services revealed that OneUnited participated in financial literacy programs in each assessment area, particularly in the Massachusetts and California assessment areas. In total, the Bank participated and/or sponsored 64 financial literacy programs during the evaluation period. Bank employees, including members of senior management, provided their financial expertise to a limited number of qualified community development organizations. The overall level of involvement in community development organizations, by employees and bank management, varied by assessment area.

Refer to the Community Development Test sections of this evaluation for details.

SCOPE OF EVALUATION

This evaluation was conducted jointly by the Division and the FDIC. It covers the time period from October 4, 2010 through November 5, 2013. As was previously noted, examiners utilized ISI CRA procedures.

Table 1 illustrates the Bank's distribution of loans, deposits, and branches by state. As seen in the table, California has the majority of branches, as well as the majority of the Bank's lending and deposits. While given the branch and deposit distribution, it is also clear that approximately 44 percent of the Bank's branch locations are contained in Massachusetts and Florida (combined); however, the percentages of loans does not rise to the same levels.

Table 1 – State and Assessment Area Weighting			
Assessment Area	% of Branches	% of Total Loans	% of Total Deposits
California	55.6	87.5	82.2
Massachusetts	33.3	6.7	8.2
Florida	11.1	5.8	9.6

Source: Bank Records as of 9/30/2013

Under the Lending Test, emphasis was placed on loans originated in 2011 and 2012. Loans originated YTD September 30, 2013 were considered for trend purposes. According to the Bank's September 30, 2013 Report of Condition and Income ("Call Report"), and discussions with management, the Bank's primary lending focus is residential real estate, specifically multi-family; therefore, the evaluation conclusions are based on the institution's home mortgage lending performance. Home mortgage loans are reported on the Bank's Loan Application Registers ("LARs"), maintained pursuant to the Home Mortgage Disclosure Act ("HMDA"). The Bank reported 101 loans, totaling \$59.1 million in 2011; and 132 loans, totaling \$79.5 million in 2012. As of September 30, 2013, the Bank also originated 102 home mortgage loans totaling \$71.9 million.

The Bank's home mortgage lending performance was compared with 2011 and 2012 HMDA aggregate data and various assessment area demographic data. Aggregate data includes all home mortgage loans originated or purchased by financial institutions subject to HMDA within the Bank's assessment areas. Demographic information referenced in this evaluation was obtained from the 2000 and 2010 United States (U.S.) Census, unless otherwise noted. Analyses conducted on home mortgage loans originated or purchased in 2011 included a comparison with 2000 U.S. Census information, while 2010 Census data was compared with the Bank's lending performance in 2012 and YTD 2013.

According to the Bank's September 30, 2013 Call Report, commercial loans secured by commercial real estate and commercial and industrial loans together represent only 5.5 percent of the Bank's loan portfolio. During the last evaluation, which included financial data from the June 30, 2010 Call Report, commercial real estate and commercial industrial loans represented 12.5 percent of the Bank's loan portfolio. Bank records clearly indicate the Bank occasionally originates one of these types of loans; however, not at a level where meaningful analysis can be performed. As a result, commercial or small business loans were not included in this evaluation. The Bank does not originate small farm loans and consumer loans represent only 0.1 percent of the Bank's loan portfolio. As a result, these two loan types were also excluded from the evaluation.

The Community Development Test considered all of the Bank's CDLs originated since the previous evaluation, as well as qualified investments and community development services. Any qualified investment, previously obtained by the Bank and still on the books, was also considered in the overall rating.

PERFORMANCE CONTEXT

Description of Institution

OneUnited is a \$612.4 million, minority-owned, commercially-chartered financial institution headquartered in Boston, Massachusetts, operating in California, Massachusetts, and Florida.

OneUnited has been designated as a CDFI since July 1997. The CDFI program is a U.S. government-sponsored initiative (through the U.S. Department of the Treasury) created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. The program provides financial assistance to institutions that serve these communities and low-income individuals. The program was established to assist the nation's inner cities and solicits private sector investments. The investments are targeted toward economic opportunity, including job creation; investment pools for capital access and innovative financing strategies; job and occupational skills training; and entrepreneurial and business support and assistance.

The Bank's current branch structure includes eight branch locations: 2343 Washington Street, Roxbury, Massachusetts; 648 Warren Street, Dorchester, Massachusetts; 3683 Crenshaw Boulevard, Los Angeles, California; 4143 Crenshaw Boulevard, Los Angeles, California; 6810 La Tijera Boulevard, Los Angeles, California; 205 East Compton Boulevard, Compton, California; 1335 North Lake Avenue, Pasadena, California; and 3275 N.W. 79th Street, Miami, Florida. Four offices are located in moderate-income census tracts; two are located in low-income tracts; one is located in a middle-income tract, and one office is located in an upper-income census tract. While the Bank's main office is also located in a high-income census tract, this location is not a retail branch. The Bank closed a branch located at 2412 North State Road 7, Lauderdale Lakes, Florida during the evaluation period in March 2012. This office was located in a moderate-income census tract.

The Bank's asset size increased since the previous CRA evaluation in 2010 from \$517.6 million as of June 30, 2010, to \$612.4 million, or by 18.3 percent, as of September 30, 2013. As of September 30, 2013, the Bank had total loans of approximately \$338.6 million and total deposits of \$349.7 million, representing increases of 5.2 percent and 28.0 percent, respectively, since the previous CRA evaluation. Total loans represent 55.3 percent of the Bank's total assets compared to 62.2 percent at the last evaluation in 2010. Securities and cash represent 34.9 percent and 3.9 percent of total assets, respectively, compared to 18.2 percent and 13.0 percent, respectively, at the last evaluation. Although the loan portfolio increased at a rate of 5.2 percent since the last evaluation, total assets grew at a faster pace, 18.2 percent. Securities increased by 126.4 percent, which represents the biggest increase in assets, while cash represents the largest decrease, 64.2 percent. Further comparison of the Call Reports utilized at each evaluation revealed that a combination of the Bank's deposit growth and cash reduction from June 30, 2010 through September 30, 2013 represents the increase in securities within \$0.3 million.

A review of the loan portfolio revealed that loans secured by residential real estate represent 93.6 percent of total loans compared to 85.5 percent at the 2010 CRA evaluation. Loans secured by multi-family residential properties (5 or more units) represent 81.4 percent of the portfolio compared to 66.5 percent at the last evaluation, and 1-4 family dwellings represent 12.2 percent compared to 20.0 percent. Loans secured by commercial real estate represent 5.4 percent of the loan portfolio compared to 12.0 percent in 2010. The biggest change in the loan portfolio since the 2010 CRA evaluation is the growth in multi-family loans. Multi-family loans increased by \$61.7 million, or 28.8 percent. The change in the loan portfolio since the last evaluation supports

management's comments that multi-family loans are where the Bank concentrates its lending efforts.

Table 2 provides a breakdown of the loan portfolio.

Table 2 – Loan Distribution as of September 30, 2013		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans (%)
Construction and Land Development, and Other Land	2,817	.8
Open-End Lines of Credit Secured by 1-4 Family Residential	-0-	0.0
Closed-End Secured by First Liens: 1-4 Family Residential	41,064	12.1
Closed-End Secured by Junior Liens: 1-4 Family Residential	207	0.1
Secured by Multi-Family (5 or more) Residential Properties	275,619	81.4
Secured by Nonfarm Nonresidential Properties	18,133	5.4
Total Secured by Real Estate	\$337,840	99.8
Commercial and Industrial	382	0.1
Consumer	405	0.1
All Other Loans and Obligations	-0-	0.0
Less: Unearned Income on Loans	-0-	0.0
Total Loans	\$338,627	100.0

Source: Call Report as of September 30, 2013

The Bank offers a variety of deposit products, and lending products with a primary focus on multi-family loans and home mortgage loans. According to the Bank's website (www.oneunited.com) the institution is committed to serving urban communities. According to management, the Bank's business focus is the origination multi-family and 1-4 family residential real estate loans in urban areas, with a focus on low- and moderate-income geographies. In 2010, with new senior management in the Lending Department, OneUnited launched a new residential lending program and re-launched its multi-family lending program in all three of its assessment areas. Since then, the number of loans surpassed each of the prior years with 76 originated or purchased in 2011, 116 in 2012, and 89 through the third quarter of 2013. As was previously indicated, the increase in lending is primarily concentrated in the California assessment area. The lending increase in California is attributed to additional lending resources provided for the California market. Limited resources are provided to the Massachusetts and Florida markets.

The Bank's overall CRA performance was rated "Needs to Improve" at the previous evaluation conducted jointly by the FDIC and the Division, as of October 4, 2010.

There are no financial or legal impediments that limit the Bank from meeting the credit needs of each assessment area.

DESCRIPTION OF THE ASSESSMENT AREAS

The CRA requires each covered financial institution to delineate one or more assessment areas within which the institution's record of helping to meet the credit needs of those assessment areas will be evaluated.

OneUnited has three separate assessment areas (AAs) in three states:

1. Los Angeles County, California (California AA)
2. Suffolk County, Massachusetts (Massachusetts AA)
3. Miami-Dade County, Florida (Florida AA)

The only change to the assessment areas since the previous evaluation is the Florida assessment area which no longer includes Broward County due to the closure of the Bank's branch in Lauderdale Lakes, Florida in 2012. According to 2010 U.S. Census data, OneUnited's combined assessment areas consist of 3,068 census tracts: 295 low-, 861 moderate-, 840 middle-, and 1,006 upper-income tracts. There are 66 tracts in the assessment areas with no available income information. The following is a description of each assessment area, including relevant demographic data.

California Assessment Area

OneUnited designated all of Los Angeles County as its California AA. The area is large and contains numerous cities and towns, each with diverse demographics. The area is located in the Los Angeles-Long Beach-Glendale, California Metropolitan Division ("MD") #31084. The following information highlights relevant demographic and economic factors.

Income

Income levels are determined by comparing actual income to the median family income ("MFI") for the Metropolitan Area or MD in which the subject property is located. The MFIs utilized are those that are adjusted annually by the Department of Housing and Urban Development ("HUD") and the FFIEC. The HUD and FFIEC MFI figures are based on the MFIs derived from the most recent U.S. Census and are adjusted to allow for factors such as inflation and other significant economic events. Because the results of the 2010 U.S. Census were not available in 2011 the MFI for 2011 was calculated utilizing the 2000 U.S. Census information, while the 2012 MFI utilized the 2010 Census data. The 2011 and 2012 HUD- and FFIEC-adjusted MFI's for the Los Angeles-Long Beach-Glendale, CA MD are shown in Table 3.

Table 3 – Median Family Income Levels – California		
Area	2011	2012
Los Angeles-Long Beach-Glendale, CA MD	\$64,000	\$64,800

Source: HUD and FFIEC updated MFI

Persons or households earning less than 50 percent of the MFI are considered low-income; persons or households earning between 50 percent and less than 80 percent of the MFI are moderate-income; persons or households earning between 80 percent and less than 120 percent of the MFI are middle-income; and persons or households earning 120 percent or more of the MFI are upper-income.

2000 U.S. Census Data

The area is composed of 2,054 census tracts, including 179 low-, 581 moderate-, 575 middle-, and 703 upper-income tracts, as well as 16 tracts with no available information.

The area's total population is 9.5 million. This population consists of approximately 2.1 million family households, with 7.1 percent and 27.5 percent located within the low- and moderate-income census tracts, respectively. Further analysis reveals that 23.9 percent of the family households are low-income and 16.5 percent are moderate-income, and approximately 60.5 percent of all low-income family households are below the poverty level. Family households below the poverty level would not likely qualify for a conventional home mortgage loan. A total of 14.4 percent of all family households are below the poverty level.

Table 4 provides relevant housing information in the California AA by income level of the census tracts.

Table 4 – Selected Housing Characteristics by Income Category of the Geography (CA)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	7.1	7.3	1.9	11.8	12.0	42	146,135	514
Moderate	27.4	25.8	15.5	35.0	29.5	42	154,235	630
Middle	30.3	30.0	31.3	29.1	26.7	40	177,188	758
Upper	35.2	36.9	51.3	24.1	31.8	37	350,292	977
NA	0.0	0.0	0.0	0.0	0.0	0	0	538
Total or Median	100.0	100.0	100.0	100.0	100.0	38	263,542	737

Source: 2000 U.S. Census

The area consists of 3.3 million total housing units. Of this total, 45.9 percent are owner-occupied, 50.0 percent are classified as rental units, and 4.1 percent are vacant. An analysis of the housing units by property type revealed that 64.9 percent are 1-4 family dwellings, 33.4 percent are multi-family dwellings, and the remaining 1.7 percent units are mobile homes or other types of housing units. Within the low-income census tracts, 12.1 percent are owner-occupied and 81.0 percent are rental units. In the moderate-income census tracts, 27.5 percent are owner-occupied and 67.8 percent are rental units. This high percentage of rental units plus the existence of multi-family dwellings suggests that opportunities exist for the Bank to make the type of loans in which they specialize, multi-family mortgage loans, within the assessment area.

2010 U.S. Census Data

The area is composed of 2,346 census tracts, including 211 low-, 672 moderate-, 628 middle-, and 798 upper-income tracts, as well as 37 tracts with no available information.

The area's total population is 9.8 million. This population consists of 2.2 million family households, with 7.1 percent and 27.8 percent located within the low- and moderate-income census tracts, respectively. Further analysis reveals that 24.1 percent of the family households are low-income and 16.4 percent are moderate-income. A total of 273,621 family households are below poverty level, which represents 12.6 percent of all family households. Family households below the poverty level would not likely qualify for a conventional home mortgage loan.

Table 5 provides relevant housing information in the California AA by income level of census tract.

Table 5 – Selected Housing Characteristics by Income Category of the Geography (CA)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	7.1	7.5	2.1	12.2	10.0	33	376,223	847
Moderate	27.8	26.4	16.6	35.3	28.1	30	404,171	1,003
Middle	28.0	27.2	28.7	26.2	24.8	29	462,804	1,182
Upper	37.1	38.8	52.6	26.2	37.0	26	684,066	1,487
NA	0.0	0.1	0.0	0.1	0.1	40	88,537	286
Total or Median	100.0	100.0	100.0	100.0	100.0	28	526,439	1,157

Source: 2010 U.S. Census

The area consists of 3.4 million housing units. Of this total, 45.3 percent are owner-occupied, 48.6 percent are classified as rental units, and the remaining units are vacant. An analysis of the housing units by property type revealed that 64.7 percent are 1-4 family dwellings, 33.6 percent are multi-family dwellings, and the remaining units are mobile homes or other units. Within the low-income census tracts, 12.9 percent are owner-occupied, 79.0 percent are rental units, and 8.1 percent are vacant units. In the moderate-income census tracts, 28.5 percent are owner-occupied units, 65.1 percent are rental units, and 6.4 percent are vacant units. This information suggests that opportunities exist for the Bank to make 1-4 family and multi-family mortgage loans within the assessment area.

Housing Prices

According to the 2010 U.S. Census, the median housing value in the California assessment area was \$526,439, which is a significant increase over the 2000 Census, which was at \$263,542. The increase in housing costs since the 2000 Census highlights the potential difficulties in making home mortgage loans to low- and moderate-income applicants.

Competition

The Bank operates in a highly competitive environment for home mortgage loans in the California assessment area. According to HMDA aggregate data, a total of 719 lenders originated or purchased at least one home mortgage loan in the California assessment area in 2011. The 719 lenders competed for 296,135 home mortgage loans. In 2012, 774 lenders originated or purchased 382,477 home mortgage loans in the California, Los Angeles County assessment area. Competition includes large national and regional banks, credit unions, mortgage companies, and numerous community banks. Many of the financial institutions are larger than OneUnited.

Unemployment

According to the Bureau of Labor Statistics, the unemployment rate for Los Angeles County was 8.2 percent for 2011 and 8.7 percent for 2012. These figures are slightly lower than those for the State of California, which were 11.2 percent in 2011 and 9.8 percent in 2012. The rates for Los Angeles County were lower than the U.S. rates in 2011; however, both the County, in 2012, and the State unemployment rates, in 2011 and 2012 were higher than the U.S. rates, which were 8.5 percent in 2011 and 7.9 percent in 2012. At the last evaluation, the unemployment rate in the Los Angeles County assessment area was 7.5 percent in 2008 and 11.6 percent in 2009.

Community Contacts

A contact was made within the California assessment area with a statewide CRA organization to gain further insight into the credit needs of the area. The contact indicated that there is a need for banks to work with homeowners facing foreclosure and that financial institutions need to do a better job on foreclosure prevention. The contact also stated that banks need to step up their efforts to create affordable housing. Borrowers seeking a single family home are having a tough time getting financing. The contact also stated that investors are buying available properties and are forcing out low- and moderate-income borrowers looking to enter the housing market and purchase their first home.

Massachusetts Assessment Area

OneUnited designated all of Suffolk County as its Massachusetts assessment area. Suffolk County consists of the entire City of Boston, along with the towns of Chelsea, Revere, and Winthrop. Suffolk County is within the Boston-Quincy, MA MD #14484. The City of Boston contains the following sections: Boston, Allston, Brighton, Charlestown, Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roslindale, Roxbury, South Boston, and West Roxbury. The areas are all quite unique with respect to population demographics, income levels, employment opportunities, housing stock, and housing values. OneUnited's two Massachusetts branch locations are in Roxbury and Dorchester. The Roxbury branch is located in a low-income census tract while the Dorchester branch is in a moderate-income census tract. This is a change from the last evaluation when both branches were located in low-income census tracts. These changes are the result of the 2010 U.S. Census, which had an effect on the income classifications of the census tracts. The following information highlights several relevant demographic and economic factors from the Massachusetts assessment area.

Income

As was previously noted, because the results of the 2010 U.S. Census were not available in 2011 the MFI for 2011 was calculated utilizing the 2000 Census information, while the 2012 MFI utilized the 2010 Census data. Table 6 reflects the HUD- and FFIEC-adjusted MFIs used to determine borrower income levels for the Boston-Quincy, MA MD for 2011 and 2012.

Table 6 – Median Family Income Levels – Massachusetts		
Area	2011	2012
Boston-Quincy, MA MD	\$87,600	\$88,800

Source: HUD and FFIEC updated MFI

2000 U.S. Census Data

According to the 2000 U.S. Census, the area has 176 census tracts, including 36 low-, 75 moderate-, 47 middle-, and 17 upper-income tracts, as well as 1 tract with no income information available.

The area's population is 689,807. This population consists of 140,802 family households, with 17.8 percent and 49.1 percent located within the low- and moderate-income census tracts, respectively. Further analysis of family household data reveals that 36.0 percent are low-income and 19.6 percent are moderate-income. Family households below the poverty level comprise 41.4 percent of all low-income family households. A total of 14.9 percent of all family households in the Massachusetts assessment area are below poverty level.

Table 7 provides relevant housing information in the Massachusetts assessment area by income level of the census tracts.

Table 7 – Selected Housing Characteristics by Income Category of the Geography (MA)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	17.8	15.6	7.4	19.3	21.3	52	182,410	529
Moderate	49.1	45.8	42.1	48.2	39.0	51	178,959	797
Middle	25.1	26.0	35.7	21.4	22.2	55	211,614	865
Upper	8.0	12.6	14.8	11.1	17.5	61	336,629	1,171
NA	0.0	0.0	0.0	0.0	0.0	0	0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	54	209,837	801

Source: 2000 U.S. Census

The area consists of 292,520 housing units. Of this total, 32.3 percent are owner-occupied, 63.0 percent are rental units, and 4.7 percent of the units are vacant. An analysis of the housing units by property type revealed that 59.3 percent are in 1-4 family dwellings, 40.5 percent are in multi-family dwellings, and the remaining units are mobile homes or other units. Within the low-income census tracts, 15.3 percent are owner-occupied and 78.3 percent are rental units, while 45.8 percent are in 1-4 family dwellings and 54.1 percent are in multi-family dwellings. In the moderate-income census tracts, 29.7 percent are owner-occupied and 66.3 percent are rental units, while 63.7 percent are in 1-4 family dwellings and 36.1 percent are in multi-family dwellings. However, although multi-family loans are the Bank's focus, the Bank had no multi-family loan originations in its Massachusetts assessment area where 40.5 percent of housing units are in multi-family dwellings. In 2012, there were 300 originations secured by multi-family residential properties made by 65 lenders in the Bank's assessment area. While there are nearly twice as many rental units as owner-occupied units, it appears that Suffolk County provides the Bank with lending opportunities.

2010 U.S. Census Data

According to the 2010 U.S. Census, the area has 204 census tracts, including 53 low-, 57 moderate-, 46 middle-, and 36 upper-income tracts, as well as 12 tracts with no income information available.

The area's population is 722,023, which consists of 139,420 family households, with 27.2 percent and 34.1 percent located within the low- and moderate-income census tracts, respectively. Further analysis of the family household data reveals that 37.7 percent are low-income and 17.6 percent are moderate-income. Family households below the poverty level comprise 41.6 percent of all low-income family households. A total of 15.7 percent of all family households in the Massachusetts assessment area are below the poverty level.

Table 8 provides relevant housing information in the Massachusetts assessment area by the income level of the census tracts.

Table 8 – Selected Housing Characteristics by Income Category of the Geography (MA)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	27.2	23.5	12.9	29.6	23.8	31	356,868	864
Moderate	34.1	32.1	30.6	32.6	33.5	36	348,656	1,182
Middle	24.2	25.3	30.9	22.2	24.5	39	374,554	1,301
Upper	14.5	19.1	25.5	15.6	18.2	41	495,635	1,537
NA	0.0	0.0	0.1	0.0	0.0	0	0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	37	391,438	1,170

Source: 2010 U.S. Census

The area consists of 311,894 housing units. Of this total, 33.2 percent are owner-occupied, 57.8 percent are rental units, and 9.0 percent are vacant. An analysis of the housing units by property type revealed that 58.9 percent are 1-4 family dwellings, 41.0 percent are multi-family dwellings, and the remaining units are mobile homes or other units. Within the low-income census tracts, 18.3 percent are owner-occupied and 72.7 percent are rental units, while 53.5 percent are 1-4 family dwellings and 46.4 percent are multi-family dwellings. In the moderate-income census tracts, 31.7 percent are owner-occupied and 58.9 percent are rental units, while 68.0 percent are 1-4 family dwellings and 31.8 percent are multi-family dwellings. Once again the percentage of rental units far exceeds the owner-occupied units and, this, combined with the percentage of multi-family dwellings suggests that Suffolk County provides the Bank with opportunities to originate multi-family loans.

Housing Prices

According to 2010 U.S. Census data, the median housing value in the Massachusetts, Suffolk County assessment area was \$391,438, which is a significant increase over the 2000 Census data, which was \$209,837. The increase in housing costs since the 2000 Census highlights the potential difficulties for financial institutions attempting to make home mortgage loans to low- and moderate-income applicants. Nevertheless, according to market share data and HMDA data for 2011 and 2012, home mortgage loan programs were available to and utilized by low- and moderate-income applicants. Many loans were made to low- and moderate-income applicants in the assessment area during the evaluation period. In 2011 and 2012 over nine thousand and over six thousand home mortgage loans were originated to low- and moderate-income applicants within Suffolk County, respectively. This data and activity highlights that opportunities to originate loans to low- and moderate-income individuals and families existed within the assessment area.

Competition

The Bank operates in a highly competitive environment for home mortgage loans in the Massachusetts assessment area. According to HMDA aggregate data, a total of 411 lenders originated or purchased at least one home mortgage loan in the Massachusetts assessment area in 2011. The 411 lenders competed for 23,653 home mortgage loans. In 2012, 434 lenders originated or purchased 31,057 home mortgage loans in the assessment area. Competition includes large national and regional banks, credit unions, mortgage companies, and numerous community banks. Many of the financial institutions are larger than OneUnited.

Unemployment

According to the Bureau of Labor Statistics, the unemployment rate for Suffolk County was 7.0 percent in 2011 and 9.2 percent in 2012. These figures are higher than those for the State, which were 6.9 percent in 2011 and 6.7 percent in 2012, and lower than the U.S. rates, which were 8.5 percent in 2011 and 7.9 percent in 2012. At the last evaluation, the unemployment rate in the Suffolk County assessment area was at 5.2 percent in 2008 and 8.1 percent in 2009. The increasing unemployment rate in the Massachusetts assessment area suggests continued difficult economic conditions during the review period. The economic conditions of the Massachusetts assessment could negatively affect the ability of financial institutions to originate residential mortgages; however, as was previously noted, financial institutions subject to HMDA originated or purchased 54,710 home mortgage loans in Suffolk County during 2011 and 2012.

Community Contacts

A contact with an Economic Development Corporation (EDC) that develops and preserves home ownership and rental housing across all income levels was conducted. The organization also helps to create and sustain economic development opportunities for businesses and individuals. The EDC provides a number of homeowner services to help homeowners that struggle with conventional financing. The contact stressed the need for affordable, safe, and clean housing. The contact believed financial institutions and the government need to collaborate more on creating affordable housing. The contact further highlighted that foreclosures remain a significant issue in Massachusetts, and also stated that there is an increasing need for financial education for both children and adults.

Florida Assessment Area

OneUnited designated Miami-Dade County as its Florida assessment area. The area is located in the Miami-Miami Beach-Kendall, FL MD #33124, which is within the Miami-Fort Lauderdale-Pompano Beach, FL MSA #33100. The following information highlights relevant demographic and economic factors.

Income

As was previously noted, because the results of the 2010 U.S. Census were not available in 2011 the MFI for 2011 was calculated utilizing the 2000 Census information, while the 2012 MFI utilized the 2010 Census data. Table 9 reflects the HUD- and FFIEC-adjusted MFIs used to determine borrower income levels for the Miami-Miami Beach-Kendall, FL MD for 2011 and 2012.

Table 9 – Median Family Income Levels – Florida		
Area	2011	2012
Miami-Miami Beach-Kendall MD	\$51,900	\$52,600

Source: HUD and FFIEC updated MFI

2000 U.S. Census Data

The Florida AA consists of 347 census tracts, including 27 low-, 99 moderate-, 114 middle-, and 104 upper-income tracts, as well as 3 tracts with no available information. It should be noted that the 2000 Census information in this evaluation is different in this assessment area when compared to the last evaluation, because the Bank removed Broward County from the Florida assessment area after it closed the branch office in Lauderdale Lakes, Florida in March 2012.

The area's population is approximately 2.3 million. The area consists of 552,484 family households, with 4.3 percent and 27.4 percent located within the low- and moderate-income

census tracts, respectively. Further analysis reveals that 23.0 percent of the family households are low-income and 17.0 percent are moderate-income. Approximately 63.0 percent of the low-income households are below the poverty level. A total of 14.5 percent of all households are below the poverty level.

Table 10 provides relevant housing information in the Florida assessment area by the income level of the census tracts.

Table 10 – Selected Housing Characteristics by Income Category of the Geography (FL)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	4.3	5.2	1.7	9.3	8.4	36	65,795	417
Moderate	27.4	28.6	19.8	41.6	24.6	35	87,681	575
Middle	35.9	33.8	37.0	31.0	26.8	30	106,428	713
Upper	32.4	32.4	41.5	18.1	40.2	24	186,322	910
N/A	0.0	0.0	0.0	0.0	0.0	0	0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	29	137,323	664

Source: 2000 U.S. Census

The area contains 852,278 housing units. Of this total, 52.7 percent are owner-occupied, 38.4 percent are rental units, and the remaining 8.9 percent are vacant. An analysis of housing units by property type revealed that 59.1 percent are 1-4 family dwellings, 39.0 percent are multi-family buildings, and the remaining 1.9 percent of the housing units are mobile homes or other housing units.

An analysis of housing units by location indicates that 5.2 percent are in low-income tracts and 28.6 percent are in moderate-income tracts. Within the low-income census tracts, 17.1 percent are owner-occupied, 68.7 percent are rental units, and 14.2 percent are vacant, while 47.0 percent are 1-4 family dwellings and 51.3 percent are multi-family dwellings. In the moderate-income census tracts, 36.5 percent are owner-occupied, 55.9 percent are rental units, and 7.6 are vacant, while 48.1 percent are 1-4 family dwellings and 48.4 percent are multi-family dwellings. Similar to the other two assessment areas, the high percentage of rental units and multi-family dwellings suggests that the Florida assessment area provides the Bank with sufficient opportunity to originate multi-family loans, which, again, is where the Bank concentrates its lending efforts.

2010 U.S. Census Data

The Florida assessment area consists of 518 census tracts, including 31 low-, 132 moderate-, 166 middle-, and 172 upper-income tracts, as well as 17 tracts with no available information.

The area's population is 2.5 million. The area consists of 571,889 family households, with 5.0 percent and 26.6 percent located within the low- and moderate-income census tracts, respectively. Further analysis reveals that 23.2 percent of the family households are low-income and 17.0 percent are moderate-income. Approximately 59.2 percent of the low-income households are below the poverty level. A total of 13.8 percent of all households are below the poverty level.

Table 11 provides relevant housing information in the Florida assessment area by the income level of the census tracts.

Table 11 – Selected Housing Characteristics by Income Category of the Geography (FL)								
Income Level of Census Tract	Percentage					Median		
	Family Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	4.7	5.7	1.7	11.3	5.6	35	186,670	701
Moderate	26.6	26.4	19.9	37.9	21.0	38	219,247	910
Middle	34.4	33.3	35.5	31.1	31.5	39	247,613	1,116
Upper	34.3	34.5	42.9	19.6	41.7	40	417,079	1,362
NA	0.0	0.1	0.0	0.1	0.2	35	4,821	1,158
Total or Median	100.0	100.0	100.0	100.0	100.0	39	318,564	1,042

Source: 2010 U.S. Census

The area contains 980,580 housing units. Of this total, 49.0 percent are owner-occupied, 35.4 percent are rental units, and the remaining 15.6 percent are vacant. An analysis of housing units by property type revealed that 57.5 percent are 1-4 family dwellings, 41.0 percent are multi-family buildings, and the remaining 1.5 percent are mobile homes or other units.

An analysis of housing units by location indicates that 5.7 percent are in low-income tracts and 26.4 percent are in moderate-income tracts. Within the low-income census tracts, 14.3 percent are owner-occupied, 70.3 percent are rental units, and 15.4 percent are vacant, while 38.0 percent are 1-4 family dwellings, 60.4 percent are multi-family dwellings, and 1.6 percent are mobile homes or other housing units. In the moderate-income census tracts, 36.9 percent are owner-occupied, 50.7 percent are rental units, and 12.4 percent are vacant, while 52.6 percent are 1-4 family dwellings, 44.5 percent are multi-family dwellings, and 2.9 percent are mobile homes or other types of housing units. Similar to the other two assessment areas, the high percentage of rental units and multi-family dwellings suggests that the Florida assessment area provides the Bank with sufficient opportunity to originate multi-family loans.

Housing Prices

According to the 2010 U.S. Census, the median housing value in the assessment area was \$318,564. According to the 2000 Census that was utilized during the last evaluation, the median housing value in the assessment area was \$137,323, which is significantly lower. Also at the last evaluation, in 2008, the median sales prices in Miami-Dade County for single-family homes and condominiums were \$276,600 and \$239,400, respectively. Prices decreased significantly in both counties in 2009, as the median sales prices in Miami-Dade County were \$195,300 and \$142,500, respectively. Since the last evaluation, median housing prices increased above the 2008 levels and low- or moderate-income applicants could have difficulty qualifying for conventional financing. Nevertheless, HMDA market information indicates that there were opportunities for the Bank to originate or purchase home mortgage loans in the Florida assessment area during the current evaluation period. In each year, 2011, and 2012, over five thousand home mortgage loans were originated to low- and moderate-income applicants within Miami-Dade County. This data and activity highlights that opportunities to originate loans to low- and moderate-income individuals and families existed within the assessment area.

Competition

The Bank operates in a highly competitive environment for home mortgage loans in the Florida assessment area. According to HMDA aggregate data, a total of 394 lenders originated or purchased at least one home mortgage loan in the Florida assessment area in 2011. The 394 lenders competed for 33,232 home mortgage loans. In 2012, 477 lenders originated or purchased

46,302 home mortgage loans in the assessment area. Competition includes large national and regional banks, credit unions, mortgage companies, and numerous community banks. Many of the financial institutions are larger than OneUnited.

Unemployment

In Miami-Dade County, the unemployment rate, according to the Bureau of Labor Statistics, was 8.7 percent in 2011 and 8.5 percent in 2012. The 2011 rate was lower than the State unemployment rate which was at 9.4 percent in 2011; however, higher than the State rate in 2012, which was at 7.9 percent. The unemployment rate for the assessment area was also higher than the U.S. rates, which were at 8.5 percent in 2011 and 7.9 percent in 2012. At the last evaluation, the unemployment rate in the Miami-Dade County assessment area was 6.5 percent in 2008 and 10.7 percent in 2009. Although lower than the 2009 rates and improving slightly between 2011 and 2012, the economic conditions of the Florida assessment could impact the ability of financial institutions to originate residential mortgages; however, as was previously noted, financial institutions subject to HMDA originated or purchased 79,534 home mortgage loans in the Miami-Dade County assessment area during 2011 and 2012. Therefore, it is evident that, despite the high unemployment rates there continues to be a demand for home mortgage loans which is being met by other lenders throughout the Miami-Dade County assessment area.

Community Contacts

A community contact was made with an organization that provides affordable housing and support services to low-income individuals and families in the Florida assessment area. The contact indicated that there is tremendous need for affordable housing in South Florida. The contact noted that Florida has one of the highest foreclosure rates, has some of the highest unemployment rates in the country, and believes banks are unwilling to make loans. The contact also stated that there is a tremendous need for flexible underwriting as many first-time homebuyers are struggling even with lower down payments. In addition, the contact noted there is limited access to rehabilitation funding and there has been a huge increase in foreign investment with non-local landlords.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

OVERALL PERFORMANCE

LENDING TEST

The Lending Test evaluates the Bank's activities under five performance criteria: (1) Loan-to-Deposit Analysis; (2) Comparison of Credit Extended Inside and Outside the Assessment Areas; (3) Geographic Distribution of Credit Inside the Assessment Areas; (4) Distribution of Credit Inside the Assessment Areas by Borrower Income; and (5) Response to CRA-related Complaints.

OneUnited's overall performance with respect to the Lending Test is rated Needs to Improve. The following sections summarize the data reviewed and the conclusions reached regarding the Bank's overall performance under each criterion.

LOAN-TO-DEPOSIT ANALYSIS

OneUnited's average quarterly net LTD ratio since the last FDIC and Division examination is 98.3 percent. During the 12 quarters since the last evaluation on October 4, 2010, the Bank's LTD ratio declined. The LTD ratio ranged from 110.6 percent as of December 31, 2010, to 95.8 percent as of September 30, 2013, with a low of 88.6 percent on September 30, 2012. The LTD decreased by approximately 7 percent in both 2011 and 2012 and increased approximately 2.6 percent YTD 2013. Since the end of the quarter following the last evaluation (December 2010) deposits grew a total of \$61.3 million, or 21.3 percent, while total loans increased at a much slower pace, \$16.1 million, or 5.1 percent. Management attributed part of the deposit growth to a significant increase in municipal deposits in the Florida market. The overall LTD ratio is more than reasonable.

A comparison to LTD ratios of similarly situated institutions was not feasible due to OneUnited's multi-state structure, asset size, and multi-family lending focus.

LENDING INSIDE THE ASSESSMENT AREA

The Bank originated a majority of its loans, both in number (83.9 percent) and dollar amount (79.7 percent), within its assessment areas, with the majority of the lending being home mortgage refinancing. Although acceptable in California, the Bank's loan volume in Massachusetts and Florida is a concern. The minimal lending activity in the Massachusetts and Florida assessment areas negatively affected the institution's rating under this criterion.

Table 13 illustrates the distribution of home mortgage loans originated or purchased by number and dollar amount, inside and outside the Bank's assessment areas. Table 13 also displays the lending activity inside and outside each respective area, but inside the same State.

Table 13 – Distribution of Loans Inside and Outside of the Assessment Areas (AAs)

Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside(*)		Total	Inside		Outside		Total
	#	%	#	%		\$ (000)	%	\$ (000)	%	
(California AA)										
2011										
Home Purchase	23	95.8	1	4.2	24	17,551	95.8	761	4.2	18,312
Home Improvement	5	100.0	0	0	5	941	100.0	0	0	941
Home Refinance	44	69.8	19	30.2	63	24,481	64.5	13,500	35.5	37,981
2012										
Home Purchase	19	82.6	4	17.4	23	10,971	71.2	4,445	28.8	15,416
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	78	91.8	7	8.2	85	48,074	82.2	10,422	17.8	58,496
YTD 2013										
Home Purchase	21	87.5	3	12.5	24	18,737	88.1	2,540	11.9	21,277
Home Improvement	2	100.0	0	0	2	477	100.0	0	0	477
Home Refinance	55	87.3	8	12.7	63	39,189	86.1	6,348	13.9	45,537
Subtotal California	247	85.5	42	14.5	289	160,421	80.8	38,016	19.2	198,437
(Massachusetts AA)										
2011										
Home Purchase	1	100.0	0	0	1	250	100.0	0	0	250
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	1	20.0	4	80.0	5	269	29.3	650	70.7	919
2012										
Home Purchase	4	57.1	3	42.9	7	954	53.8	819	46.2	1,773
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	12	92.3	1	7.7	13	2,666	88.6	343	11.4	3,009
YTD 2013										
Home Purchase	2	100.0	0	0	2	640	100.0	0	0	640
Home Improvement	0	100.0	0	0	0	0	0	0	0	0
Home Refinance	6	100.0	0	0	6	1,523	100.0	0	0	1,523
Subtotal Massachusetts	26	76.5	8	23.5	34	6,302	77.7	1,812	22.3	8,114
(Florida AA)										
2011										
Home Purchase	1	50.0	1	50.0	2	36	5.5	618	94.5	654
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	1	100.0	0	0	1	75	100.0	0	0	75
2012										
Home Purchase	1	50.0	1	50.0	2	100	52.1	92	47.9	192
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	2	100.0	0	0	2	590	100.0	0	0	590
YTD 2013										
Home Purchase	1	50.0	1	50.0	2	127	7.0	1,688	93.0	1,815
Home Improvement	0	0	0	0	0	0	0	0	0	0
Home Refinance	2	66.7	1	33.3	3	162	24.5	500	75.5	662
Subtotal Florida	8	66.7	4	33.3	12	1,090	27.3	2,898	72.7	3,988
Total	281	83.9	54	16.1	335	167,813	79.7	42,726	20.3	210,539

Source: HMDA LAR (2011, 2012, and YTD 2013)

*Represents loans originated inside the same state, but outside the respective assessment area.

Since the last evaluation, the Bank's lending volume in the California assessment area steadily increased. The current evaluation period shows the Bank's lending performance in California has steadily increased from 2011 to YTD 2013. The improved performance in California is attributed to several factors, the most significant being the hiring of a Chief Lending Officer.

Conversely, the Bank's lending volume in Massachusetts and Florida is low. During the evaluation period the Bank originated or purchased a total of 26 loans in the Massachusetts assessment area and 8 loans in the Florida assessment area. In 2011, the Bank's loan

originations or purchases in Massachusetts and Florida totaled 2 loans in each assessment area. In 2012, the Bank's performance increased to 16 loans in Massachusetts, but only increased to 3 loans in Florida. YTD 2013 indicates a declining trend in performance in Massachusetts, where the Bank only originated 8 loans. YTD 2013 the Bank originated 3 loans in Florida.

2011 and 2012 HMDA aggregate information indicates sufficient lending opportunities in each of the Bank's assessment areas. According to 2011 HMDA aggregate information, in the California assessment area, there were 719 lenders that originated or purchased 296,135 home mortgage loans, and 774 lenders that originated or purchased 382,477 home mortgage loans in 2012. In the Massachusetts assessment area, 411 lenders originated or purchased 23,653 home mortgage loans in 2011, and 434 lenders originated or purchased 31,057 home mortgage loans in 2012. In the Florida assessment area, there were 394 lenders that originated or purchased 33,232 home mortgage loans in 2011, and 477 lenders that originated or purchased 46,302 home mortgage loans in 2012. While these figures indicate a highly competitive lending environment, the numbers also illustrate demand and opportunities to make or purchase home mortgage loans in Massachusetts and Florida.

2011 and 2012 market share analyses were also conducted for each of the three assessment areas. Because aggregate information is not available for 2013, market share analyses were not performed for that year. In 2011, in the California assessment area, the Bank ranked 219th out of 719 lenders that originated or purchased at least 1 home mortgage loan, which represents .02 percent of the market share. In the Massachusetts assessment area in 2011, the Bank ranked 296th out of 441 home mortgage lenders, which represents .01 percent of the market. During the same period, in the Florida or Miami-Dade County assessment area, the Bank ranked 282nd out of 394 home mortgage lenders representing .01 percent of the market.

In 2012, in the California assessment area, the Bank ranked 231st out of 774 home mortgage lenders, 150th out of 434 home mortgage lenders in the Massachusetts assessment area, and 287th out of 477 home mortgage lenders in the Florida assessment area. Market share percentages during 2012 were at .03 percent in California, .05 percent in Massachusetts, and .01 percent in the Florida assessment area. The Bank's market share increased slightly in the California and Massachusetts assessment areas during 2012, while Florida remained relatively the same as in 2011.

Limited resources devoted to lending in Massachusetts and Florida appear to have had a direct impact on the loan volume. Additionally, marketing efforts in Massachusetts and Florida do not appear to be commensurate with the Bank's efforts in California.

Despite the lending performance in the California assessment area, the limited number of loans in Massachusetts and Florida reflects that OneUnited is not meeting the credit needs of its assessment areas. As a result, the Bank's overall performance does not meet the standards for satisfactory performance under this performance criterion.

GEOGRAPHIC DISTRIBUTION

The Bank's lending distribution was analyzed to determine the dispersion of loans among the geographies that comprise the Bank's assessment areas. The focus under this criterion is the Bank's lending within low- and moderate-income census tracts. While the Bank's overall geographic distribution, by percentage, appears to reflect reasonable dispersion in low- and moderate-income census tracts, with emphasis placed on the California assessment area, the actual number of loans is considered very poor in Massachusetts and Florida in 2011 and very

poor in Florida in 2012. Given the asset size of the Bank and opportunities to lend, the loan volume in both Massachusetts and Florida during the evaluation period impacted the overall rating under this criterion.

Although there was limited lending activity in Massachusetts and Florida, a majority of all home mortgage loans originated or purchased by the Bank during the evaluation period were in low- and moderate-income census tracts. It was also noted that throughout the evaluation period the Bank exceeded the aggregate in the percentage of loans originated or purchased in low- and moderate-income census tracts. Out of 281 home mortgage loans originated or purchased throughout all assessment areas, 208 were located in either a low- or moderate-income census tract. It is important to note that 185 were in the California assessment area, 19 were in the Massachusetts assessment area, and only 4 were within the Florida assessment area. In total, 74.0 percent of all home mortgage loans originated or purchased during the evaluation period were in low- or moderate-income census tracts.

However, as mentioned previously, the Bank's limited lending volume throughout the evaluation period in Massachusetts and Florida negatively impacted the Bank's overall performance under this criterion. Although a majority of the Bank's loans are in low- and moderate-income census tracts, the total number of originations or purchases in Massachusetts and Florida totaled 2 in each state in 2011, improved to 16 in Massachusetts in 2012, but only increased to 3 in Florida in 2012. During YTD 2013, the Bank purchased 8 loans in Massachusetts, of which 7 were in low- or moderate-income geographies, and purchased 3 home mortgage loans in the Florida assessment area, with 1 being in a moderate-income census tract. YTD 2013, the Bank had not originated or purchased any loans in low-income census tracts in the Florida assessment area.

The distribution of the Bank's home mortgage loans in the California assessment area was excellent and continuously increased in each year from 72 in 2011, 97 in 2012, and at 78 in YTD 2013. Management indicated the number of applications in the fourth quarter mortgage pipeline will result in the Bank surpassing its 2012 originations and purchases in the California assessment area. Additionally, in 2011 and 2012, the Bank's performance in low- and moderate-income census tracts exceeded the aggregate's performance in the California assessment area.

For a detailed comparison of the Bank's performance in each assessment area, please refer to the Conclusions with Respect to Performance Tests sections for each State.

BORROWER CHARACTERISTICS

This performance criterion analyzes lending to borrowers of different income levels, with a focus on low- and moderate-income borrowers. For residential mortgages, borrower incomes are compared to HUD and FFIEC adjusted MFI figures for the year in which the loan was granted. It should be noted that since the Bank originates a significantly larger percentage of multi-family loans and the information reported for these loans does not typically include borrower incomes (per HMDA reporting requirements), the assessment of the Bank's overall performance under this criterion is generally limited to loans secured by 1-4 family dwellings.

The Bank's overall performance under this criterion is poor primarily because of the lack of loans in Massachusetts and Florida. The percentage of loans to low- and moderate-income borrowers in the California assessment area was not significant due to the number of originations for which income information was available. As noted above, a significant majority of the Bank's lending in California is multi-family loans, which do not capture borrower income information under HMDA.

In the California assessment area, during 2011 and 2012, the majority of the Bank's loans were multi-family loans (127 out of 169). Only 19 of the 72, and 23 of the 97 loans originated in the California assessment area, in 2011 and 2012, respectively, were subject to the income collection requirements of HMDA. Although not significant in number, the performance demonstrated a reasonable penetration of loans to low- or moderate-income borrowers. When compared to the aggregate percentage for low-income borrowers, the Bank was slightly above in 2011 and slightly below the aggregate in 2012. The Bank trailed the aggregate to moderate-income borrowers in both years; however, 2012 performance trended upward. A trend analysis performed for YTD 2013 revealed that out of 78 loans originated or purchased in the California assessment area, the Bank did not originate any loans to low-income borrowers and only made 3 loans to moderate-income borrowers.

In the Massachusetts assessment area, during 2011, the Bank did not originate or purchase any loans to low- or moderate-income borrowers. In 2012, in the Massachusetts assessment area, the Bank originated or purchased 1 loan to a low-income borrower and 7 loans to moderate-income borrowers. The Bank's 2012 performance in Massachusetts, while low in total number, is favorable in the sense that 8 out of 16 (50.0 percent) loans were to low- or moderate-income borrowers. As was previously mentioned in this evaluation, YTD 2013 was reviewed for trend purposes. In the Massachusetts assessment area, the Bank originated or purchased 1 loan to low-income borrowers and 3 loans to moderate-income borrowers.

In the Florida assessment area, during 2011, the Bank originated or purchased one loan to low-income borrowers and no loans to moderate-income borrowers. In 2012, the Bank did not originate or purchase any loans to low-income borrowers and made or purchased two loans to moderate-income borrowers. YTD 2013 the Bank originated or purchased two loans, one each to low- and moderate-income borrowers.

Market share reports based on borrower income indicate that in the Massachusetts assessment area, in 2011, 188 lenders originated or purchased 1,895 residential loans to low-income borrowers, and 303 lenders originated or purchased 7,408 loans to moderate-income borrowers. As was previously noted, the Bank did not originate any loans to low- or moderate-income borrowers in the Massachusetts assessment area in 2011. The 2011 market data indicates that demand and opportunities existed. In 2012, the Bank originated or purchased 1 loan to low-income borrowers in this assessment area while the remaining 147 lenders originated or purchased 1,244 loans. The Bank ranked 125th out of 148 lenders during 2012 in home mortgage loans to low-income borrowers. During the same year, 263 lenders originated or purchased 4,807 loans to moderate-income borrowers. OneUnited Bank originated or purchased 7 loans. The Bank's market share ranking to moderate-income borrowers during 2012 in the Massachusetts assessment area was 88th out of 263 lenders. The 2012 market data indicates there was demand and opportunity to lend to low- and moderate-income borrowers in 2012.

2011 market share reports in the Florida assessment area reveal the Bank ranked 67th out of 88 lenders who originated or purchased 1,031 residential loans to low-income borrowers. As was previously noted, the Bank did not make or purchase any residential loans to moderate-income borrowers in the Florida assessment area in 2011; however, the market share reports disclosed that 216 lenders made or purchased 4,227 residential loans to moderate-income borrowers during 2011. In 2012, the Bank did not originate or purchase any residential loans to low-income borrowers; however, 97 lenders originated or purchased 505 loans. As was previously noted, the Bank originated or purchased 2 loans to moderate-income borrowers in the Florida assessment area in 2012. The Bank ranked 103rd out 159 lenders who originated or purchased 4,959 loans.

As was previously noted above, the market share data reflects demand and opportunities to originate or purchase home mortgage loans in the Florida assessment area in 2011 and 2012.

RESPONSE TO CRA RELATED COMPLAINTS

The last performance criterion under the Lending Test pertains to the Bank's record of responding to CRA-related complaints. A review of FDIC and Division records, as well as the CRA Public File maintained by the Bank pursuant to CRA regulations, disclosed no such complaints.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs identified within the Bank's assessment areas.

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the Bank's community development lending, investment, and service activities. Activities since the last examination, dated October 4, 2010, were included. Additionally, qualified investments obtained prior to the current evaluation, but still on the Bank's books, also received consideration.

Community development means:

- Affordable housing (including multi-family rental housing) for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing small businesses or small farms (Gross Annual Revenues of \$1 million or less)
- Activities that revitalize or stabilize low- or moderate-income geographies.
- Activities serving distressed or underserved rural areas.
- Activities that revitalize or stabilize designated disaster areas.

Community development loan (CDL) is a loan that:

- Has as its primary purpose **community development**; and
- Except in the case of a wholesale or limited purpose bank:
 - Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
 - Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Qualified investment is a lawful investment, deposit, membership share, or grant that has as its primary purpose **community development**.

Community development service is a service that:

- Has as its primary purpose community development;
- Is related to the provision of financial services; and
- Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

Opportunities for banks to extend community development loans, investments, and services are evidenced through an analysis of demographic information. According to the 2010 U.S. Census, over 40 percent of the California, over 55 percent of the Massachusetts, and just over 40 percent of the Florida assessment area's families are categorized as low- or moderate-income. Community development opportunities were also confirmed through a review of contacts with community organizations within each assessment area. The primary needs in the communities cited by local contacts within each assessment area include foreclosure prevention counseling, affordable housing programs, and financial education.

OneUnited's overall performance with respect to the Community Development Test is rated Satisfactory.

The Bank's overall community development performance demonstrates adequate responsiveness to the needs of the respective assessment areas through CDLs, qualified investments, and

community development services. The following sections summarize the Bank's performance in community development lending, qualified investments, and community development services.

COMMUNITY DEVELOPMENT LENDING

During the evaluation period, the Bank's focus on multi-family lending resulted in the origination of a substantial number of CDLs. In total, OneUnited Bank originated 62 CDLs totaling approximately \$51 million, inside the California assessment area during the evaluation period. The Bank also originated 13 CDLs in California, outside of the California assessment area. Each of these CDLs provided affordable rental housing to the area. As noted in the California community contact, affordable housing is a significant need in the area. The Bank did not originate any CDLs in either Massachusetts or Florida.

In 2011, the Bank originated eight CDLs totaling \$4.8 million, in the California assessment area. In 2012, the Bank originated 17 CDLs totaling \$16.4 million in the California assessment area. YTD 2013, OneUnited originated 37 loans totaling \$29.4 million dollars, in the Bank's California assessment area. The 2011 CDLs represent 1.4 percent of the Bank's net loans while the 2012 CDLs represent 5.1 percent of net loans. The increase in community development lending in 2012 and YTD 2013 corresponds to the Bank's commitment to originating multi-family loans in the California market and the addition of the Chief Lending Officer.

Despite the number of CDLs in California, the Bank did not originate CDLs in the Massachusetts and Florida assessment areas. Both areas have a need for affordable housing. Analysis of both areas revealed that over 40 percent of the housing units in the Massachusetts assessment area are multi-family dwellings, while 39 percent of the housing units in the Florida assessment area are multi-family dwellings.

QUALIFIED INVESTMENTS

Qualified Equity Investments

The Bank maintains one equity investment in the California Economic Development Lending Initiative, a multi-bank community development corporation (CDC) in Los Angeles, California. This CDC was established to make loans to small businesses and community economic development organizations throughout the State. Their mission is to create jobs by providing financing to small businesses and community economic development activities that fall outside of normal bank lending practices. The current book value is \$15,000.

The Bank also maintains 12 CD's at CDFIs located throughout the country. Nine of the CDs are new investments since the previous evaluation. In total, 4 of the 12 CDs are to CDFI's located in the Bank's assessment areas (3 in Florida and 1 in California) and 2 are located in Oakland, California and benefit a broader statewide area that includes the California assessment area. The mission of the CDFIs is to increase economic opportunity and promote community development investments for underserved populations in distressed communities. Overall, the CDs total approximately \$2.8 million.

Qualified Donations/Grants

During the evaluation period, OneUnited Bank made 75 qualified donations totaling \$99,020. By year, these amounts are \$450 for the last quarter of 2010, \$31,125 in 2011, \$41,295 in 2012, and \$26,150 through three quarters in 2013. The 2011 donations represent 0.68 percent of the Bank's pre-tax net operating income (NOI), while the 2012 donations represent 1.1 percent of pre-tax NOI. The majority of the Bank's donations are concentrated in the Massachusetts

assessment area. The Bank made \$58,745 in Massachusetts, \$20,950 in California, and \$19,325 in Florida. A breakdown by year and community development purpose is illustrated in Table 14.

Table 14 - Community Development Grants and Donations by Category										
Category	10/04/2010-12/31/2010		2011		2012		1/1/2013 – 11/05/2013		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	2	3,000	5	6,650	2	2,500	9	12,150
Community Services	2	350	12	20,025	23	26,045	13	14,550	50	60,970
Revitalization/Stabilization	1	100	2	3,100	3	2,600	4	7,000	10	12,800
Economic Development	0	0	1	5,000	3	6,000	2	2,100	6	13,100
Total	3	450	17	31,125	34	41,295	21	26,150	75	99,020

Source: Internal Bank Records

The following list highlights the recipients of the more significant qualified donations provided by OneUnited Bank.

- NOAH, the Neighborhood of Affordable Housing (Massachusetts) – NOAH is an East Boston-based CDC structured to collaborate with and support residents and communities in pursuit of affordable housing strategies, environmental justice, community planning, leadership development, and economic development opportunities. NOAH partners with residents, neighborhood entities, and municipalities to improve standards of living, build community, and create social/economic opportunities, especially for low- and moderate-income persons, families and disadvantaged groups or areas.
- Home for Little Wanderers (Massachusetts) – This nationally renowned, private, non-profit child and family service agency has been part of the Massachusetts landscape for over 200 years, making it the oldest agency of its kind in the nation. Originally founded as an orphanage, the Home for Little Wanderers delivers services to thousands of children and families each year through a system of residential, community-based, and prevention programs, direct care services, and advocacy. The majority of the program recipients are low- or moderate-income.
- Nuestra CDC (Massachusetts) – This CDC is devoted to building the wealth and enhancing the physical, economic, and social well-being of Roxbury and other underserved populations in greater Boston through a community-driven process that promotes self-sufficiency and neighborhood revitalization. The majority of the individuals and areas served are low- or moderate-income.
- Dudley Square Main Streets (Massachusetts) – Dudley Square Main Streets works to recruit new businesses, assist businesses with storefront renovations, provide technical assistance to business owners, and more. Their mission is to make Dudley Square a crime-free commercial district with a high quality and variety of goods and services, jobs for local residents and new investment to renovate the historic properties, through collaboration with residents, local businesses, developers, police and public/private agencies. The area of Dudley Square is within a low-income census tract.

- Mother Caroline Academy and Education Center (Massachusetts) – This private, multi-cultural middle school located on Blue Hill Avenue in Dorchester serves 60 young girls of limited financial means from Boston’s inner city. The school emphasizes the importance of scholarship, leadership, and moral and religious development. The majority of the students are low- or moderate-income.
- Project RIGHT (Massachusetts) – Project Rebuild and Improve Grove Hall Together (RIGHT) is a collaboration of groups in the Grove Hall area that came together in 1991 to prevent crime and violence within the community. The mission of Project Right is to strengthen and coordinate existing services and programs within the community and for its residents. The area consists of low- and moderate-income tracts and benefits the area’s low- and moderate-income population. The group strives to revitalize and stabilize the area.
- Children Services of Roxbury (CSR) (Massachusetts) - For more than 44 years, CSR has provided services to children in the care or custody of the Commonwealth of Massachusetts and to their families. CSR began with the understanding that too many families and children of every race, ethnic and linguistic background found themselves trapped in systems which they did not trust, and therefore could not use effectively to meet their needs. In the early 1990's CSR added services for youth, and emergency and transitional housing services for homeless families and adults.
- Operation Hope, Inc. (California) - Operation Hope, Inc. serves as a non-profit private banker for the working poor and the underserved and struggling middle class. The organization primarily serves low- and moderate-income individuals and families. Their mission is achieved by providing many services, including financial literacy programs, homebuyers’ seminars, foreclosure and general credit counseling, small business training.
- People for Community Improvement (PCI) (California) - PCI is a 501c3 non-profit Community Center established in 1986 for the purpose of reducing hunger to disabled senior citizens, low-income individuals, and families in need of emergency food.
- BookEnds (California) - This non-profit organization, based in Southern California, provides public and private schools, youth centers that primarily serve low-income children, and homeless shelters with literacy programs that teach children and their parents how to read.
- Crystal Stairs (California) – This is one of the largest private, non-profit child-care and child development agencies in California. Their mission is to improve the lives of families through child-care services, research, and advocacy. The programs serve children with special needs. The enrollment particularly includes low- and moderate-income families. The organization offers free and low-cost health insurance programs, community-based child-care advocacy, and child-care services and subsidy programs for low-income families.
- Neighborhood Housing Services of South Florida (NHSSF) (Florida) - This non-profit “one-stop-shop,” has worked to revitalize neighborhoods and strengthen communities in Miami-Dade and Broward counties. NHSSF provides programs and services that promote, support and sustain homeownership and neighborhood revitalization. NHSSF is a charter member of the NeighborWorks® Network, a certified Homeownership Center, and a HUD approved counseling agency, and adopted the National Industry Standards for Homeownership Education and Counseling. The program primarily serves low- and moderate-income individuals.

- The 79th Street Corridor Initiative (Florida) – This is an effort to revitalize Miami-Dade County's 79th Street area and, through economic development, expand opportunities to benefit low- and moderate-income individuals and families within the community. Led by three local community-based development organizations (the Urban League of Greater Miami, Inc., Neighborhood Housing Services of South Florida, Inc. and DEEDCO) the Initiative is seeking to change this area from a fragmented set of residential, commercial, and industrial sites with a reputation as dangerous and undesirable into a cohesive neighborhood conscious of its tangible and intangible assets and directing its future.
- South Florida Community Development Coalition (Florida) - This non-profit organization is dedicated to building communities and developing assets in Miami-Dade County. Their goals include the expansion of the capacity of community development practitioners to develop affordable housing and economic opportunities. The coalition represents over 50 members, including non-profit developers, lenders, businesses, and individuals who work to provide low- and moderate-income people with access to the tools necessary to build wealth, and to ensure that all neighborhoods are livable, safe, and economically vibrant.

COMMUNITY DEVELOPMENT SERVICES

Provision of Financial Services to Low- and Moderate-Income Individuals

Through its branch network, the Bank provides financial services to residents in low- and moderate-income areas. In Massachusetts, both the Roxbury and Dorchester branches are located in low- and moderate-income census tracts, respectively. In California, the Stocker branch is in a low-income census tract and the Compton and Pasadena branches are in moderate-income census tracts. In Florida, the Miami branch is in a moderate-income census tract. All branches in low- and moderate-income tracts offer Saturday hours and are open until 6:00 p.m. one day per week except for the Roxbury branch, which is not open late and does not have Saturday hours. The Bank's full range of retail and commercial deposit and credit products are available at all locations; however, the downtown Boston location (100 Franklin Street) conducts only non-cash transactions.

In addition to providing services through its branch network, OneUnited offers customers internet banking through the UNITY E-style checking and U2 savings accounts.

Financial Education

OneUnited Bank officers and employees participated in numerous seminars and other events sponsored by the Bank during the evaluation period. These events provided opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to educate the community about basic banking skills and potential financial obstacles. The Bank has also taken a very active role in providing financial education to children. Most of the Bank's educational efforts are aimed at low- and moderate-income areas in the Bank's three assessment areas, and primarily benefit low- and moderate-income individuals.

Some of the Bank's activities include:

- Operation Hope - the Bank teaches students about the financial tools they need through the "Banking on our Future" program.
- FDIC's Money Smart Program - This comprehensive financial education curriculum is designed to help low- and moderate-income individuals, outside the financial mainstream, to enhance their financial skills and create positive banking relationships. OneUnited makes information about the FDIC's *Money Smart* program available on their website and encourages organizations to request that OneUnited sponsor *Money Smart* workshops for their members. The Bank also encourages visitors of its website to check out the free available financial information from government agencies like the FDIC or the Federal Reserve Bank. OneUnited's website provides links to the Federal Reserve on building wealth and understanding the mortgage process and fair lending.

Table 15 includes the Bank's financial education initiatives during the evaluation period and breaks out the activity by year and assessment area.

Table 15 – Financial Literacy Seminars				
State	2011	2012	2013	Total
California	2	18	7	27
Massachusetts	9	17	5	31
Florida	1	5	0	6
Total	12	40	12	64

Source: Internal Bank Records

During the evaluation period, the Bank sponsored eight first-time homebuyer seminars which educated attendees about the process of purchasing a new home and included topics such as budgeting, credit scores, appraisals, and home inspections. Of these eight seminars, seven were held within the Massachusetts assessment area and one was held in the Florida assessment area.

Contribution of Financial Expertise to Community Organizations

The Bank, through its employees and management, volunteers time and financial expertise to a few community organizations. While involvement in national organizations is noted, the involvement in community development organizations, specific to each assessment area, is limited. The following is the list of the Bank's involvement during the evaluation period.

- National Bankers Association (National) – The Senior Vice President/General Counsel of OneUnited serves as the immediate past Chairman and Chairman of the Legislative Committee of this organization, which serves as an advocate for the nation's minority- and women-owned banks on legislative and regulatory matters concerning and affecting its members and the communities they serve.
- Community Development Bankers Association (National) – The Senior Vice President/General Counsel of OneUnited serves as Secretary and member of the Executive Board of this organization, whose mission is to facilitate economic revitalization and to educate the financial services industry, socially motivated investors, and CDFIs regarding the credit and financial service needs in disinvested low-income communities.

- Links, Inc. (National/Massachusetts) – The Senior Vice President of Human Resources at the Bank serves as President of the local chapter of this organization and the President of OneUnited Bank serves as Chair on the Services to Youth Committee. Links is one of the oldest and largest volunteer service organizations of women. Links members contributed more than 500,000 hours of community service annually-strengthening their communities. One of the specific focuses of the local Chapter in Massachusetts is providing financial literacy to low- and moderate-income youth in the Boston area. Many of the programs target low- and moderate-income individuals and areas.
- Black Philanthropy Fund (Massachusetts) – The President of OneUnited serves as a Founding Trustee of the Black Philanthropy Fund (BPF), a 501c3 non-profit established in 2012 to strengthen the tradition of African-American philanthropy in Boston and to increase giving to community organizations with a focus on education in Boston’s public and charter schools. These schools are diverse, with a large percentage of low-to-moderate income families. The fiduciary for BPF is the Boston Foundation, which was founded in 1915 with a simple, but profound mission to make grants to the non-profit organizations that serve the Greater Boston community. Today, the Boston Foundation is one of the oldest and largest community foundations in the nation with some 900 charitable funds and assets of some \$750 million.
- Pacific Coast Regional Small Business Development Corporation (PCR) (California) - The Senior Vice President/Chief Retail Officer of OneUnited serves as a member of the Loan Review Committee of this organization which seeks to assist small business owners in becoming successful members of the Southern California business community. Through contracts with the federal government, the State of California, and partnerships with private institutions, PCR provides financial, educational, and consulting services. PCR is certified by the U.S. Treasury as a CDFI with the primary goal of helping small businesses succeed.
- United Way (of Miami) Center for Financial Stability “Ways to Work Program” (Florida) The Assistant Vice President/Business Development Officer of the Bank served on the Credit Committee. This program helps low- to moderate-income working families secure low interest loans to purchase a used car or refinance an existing loan. As a component of the program, low-income families are provided financial education and affordable loans because of their poor credit history or lack of credit history.
- Financial Education- The Bank’s President and CRA Officer has been very involved in the financial education of children and young adults. In addition, OneUnited’s Compliance Officer has also been involved in providing financial literacy to area schools.

The Bank also established the OneCommunity volunteer program, which encourages employees to volunteer their time to worthy causes. Employees earn vacation time depending on the number of service hours donated. During the evaluation period, a number of employees donated their time to organizations, including the Miami Rescue Mission and the Camillus House. Both organizations help the poor and homeless in Miami, Florida.

STATE RATING - CALIFORNIA

CRA RATING FOR California:

SATISFACTORY

The Lending Test is rated:

Satisfactory

The Community Development Test is rated:

Satisfactory

SCOPE OF EXAMINATION

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2011, 2012, and YTD 2013. With respect to the Community Development Test, the data analyzed and considered was from the previous CRA evaluation through November 5, 2013.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN *California*:

The Bank operates five branch locations within the assessment area. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* sections for additional information about the institution and the demographics of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *California*:

LENDING TEST

OneUnited Bank met the credit needs of the California assessment area, given its asset size and the opportunities that exist in the area. The Bank's level of lending particularly in low- and moderate-income census tracts and to low- and moderate-income borrowers represented an excellent dispersion and reasonable penetration, respectively, particularly with multi-family loans.

Loan-to-Deposit Ratio

Bank management provided information pertaining to the Bank's Loan-to-Deposit (LTD) ratio in California as of June 30, 2011, 2012, and as of September 30, 2013. OneUnited's LTD ratio was 107.5 percent in 2011, 93.6 percent in 2012, and 103.2 percent in 2013. The LTD fluctuated during the period to a low of 93.6 percent on June 30, 2012. The decline is attributed to significant growth in deposits in California during 2012. The California assessment area LTD ratio is considered more than reasonable.

Lending Activity

OneUnited's lending activity in the California assessment area significantly increased since the last evaluation. During the current evaluation period, the Bank originated or purchased 247 loans compared to 55 loans during the last evaluation. The Bank's performance in the assessment area continuously increased during the period from 72 loans in 2011 to 97 loans in 2012. YTD 2013, the Bank originated 78 home mortgage loans in the assessment area, and according to management, is on track to exceed the 2012 performance. In 2011, the Bank ranked 219th out of 719 lenders who originated or purchased at least one home mortgage loan and ranked 231st out of 774 home mortgage lenders in 2012. It should be noted that these market rankings represent all home mortgage loan types reported under HMDA. In California, the Bank focuses on making loans on multi-family properties. Market rankings for this product revealed that in 2011 the Bank ranked 12th out of 92 lenders who originated or purchased at least one multi-family property loan, and in 2012 ranked 10th out of 101 lenders. The Bank's lending

efforts meet the standards for satisfactory performance given the Bank's asset size and the performance context of the assessment area.

Geographic Distribution

The Bank's distribution of loans in the low- and moderate-income census tracts reflects an excellent dispersion throughout the assessment area. This is an improvement since the last evaluation when the Bank's performance was deemed to be poor as a result of having nominal loans in the assessment area.

Table 16 illustrates the Bank's performance in the California assessment area, which accounts for 88.0 percent of the total home mortgage loans originated in all assessment areas during 2011 and 2012.

Table 16 – Distribution of HMDA Loans by Income Category of the Census Tract California Assessment Area									
Census Tract Income Level	% of Total Housing Units 2000/2010 Census	2011 Aggregate Lending Data	2011 Bank Data		2012 Aggregate Lending Data	2012 Bank Data		Bank Total	
		% of #	#	%	% of #	#	%	#	%
Low	7.3/7.5	2.0	24	33.3	1.8	17	17.5	41	24.3
Moderate	25.8/26.4	12.3	31	43.1	12.9	51	52.6	82	48.5
Middle	30.0/27.2	27.1	11	15.3	24.9	17	17.5	28	16.6
Upper	36.9/38.8	58.4	6	8.3	60.4	12	12.4	18	10.6
\$0/NA	0.0/0.1	.2	0	0.0	0.0	0	0.0	0	0.0
Total*	100.0/100.0	100.0	72	100.0	100.0	97	100.0	169	100.0

Source: 2000 and 2010 U.S. Census, 2011 and 2012 HMDA LARs and HMDA Aggregate Data

As noted in Table 16, the Bank's geographic distribution in the California assessment area, in both 2011 and 2012, reflects an excellent dispersion throughout the California assessment area. In both years, the percentage of loans originated or purchased in the California assessment area significantly surpassed the aggregate's performance in low- and moderate-income census tracts.

A review of the Bank's lending activity in the California assessment area during YTD 2013 revealed that the Bank originated 78 loans of which 15 were in low-income census tracts and 47 were in moderate-income tracts. This 2013 trend indicates that the Bank may surpass its 2012 performance in this assessment area.

While economic conditions continued to affect the real estate market during the evaluation period, low interest rates and increasing loan demand provided opportunities to lend in each of the assessment areas; however, it also presented challenges in low- and moderate-income geographies. A review of aggregate data from 2011 and 2012 revealed that lending demand opportunities existed. In the California assessment area, in 2011, the aggregate market originated or purchased 5,905 loans in low- and 34,231 loans in moderate-income census tracts. In 2012, the aggregate market originated or purchased 6,950 loans in low- and 49,235 loans in moderate-income census tracts. In 2011, the Bank ranked 41st out of 269 lenders in low-income tracts and 109th out of 451 lenders in moderate-income tracts in the California assessment area. As noted in Table 16, 55 out of 72 loans originated in 2011 by OneUnited were in a low- or moderate-income census tract. In 2012, the Bank ranked 63rd out of 311 lenders in low- and 116th out of 514 lenders in moderate-income census tracts in the California assessment area.

Also noted in Table 16, 68 of the 97 home mortgage loans originated in the California assessment area, in 2012, were in low- to moderate-income areas, which contributed to the positive market rankings.

Although market rankings provide a quick insight as to where the Bank stood amongst all other lenders that originated or purchased at least one loan in the assessment area, market share indicates the percentage of the market that the Bank was able to procure and can be compared to the market share for each year. At the last evaluation, in the California assessment area, the Bank's less than satisfactory performance represented a market share of .01 percent in low- and moderate-income areas in 2008, and .02 percent in each of the respective areas in 2009. In the California assessment area during the current evaluation, OneUnited's market share, in 2011, was at .41 percent in low-income tracts and at .09 percent in moderate-income tracts. In 2012, the Bank's market share decreased to .24 percent in low-income tracts and to .10 percent in moderate-income census tracts. The Bank was not able to retain the same level of the market that it had in 2011 when the loan demand increased as the housing market recovered. Despite the decline in market share, the Bank was successful in increasing the number of originations from 72 to 97, in 2012; the market grew at a faster pace, which lowered the Bank's market share in 2012.

As was previously noted, the majority of the Bank's loan portfolio is comprised of multi-family dwellings, which represent a substantial portion of the number of loans originated or purchased by the Bank during the evaluation period. In 2011, out of the 72 loans originated or purchased in the California assessment area 47 were multi-family loans, while 72 out of 97 loans originated or purchased by the Bank in the California assessment area, in 2012, were on multi-family properties. In YTD 2013, 65 out of 78 loans originated or purchased in the same assessment area were on multi-family properties. Out of the 184 multi-family loans originated in California during the evaluation period, 54, or 29.4 percent, were in low-income census tracts, and 101, or 54.9 percent, were in moderate-income census tracts. Please refer to Table 17 for a further breakdown of the multi-family loans originated in the California assessment area in 2011 and 2012.

Table 17 – Distribution of HMDA Multi-Family Loans by Income Category of the Census Tract California Assessment Area									
Census Tract Income Level	% of Total Housing Units 2000/2010 Census	2011 Aggregate Lending Data	2011 Bank Data		2012 Aggregate Lending Data	2012 Bank Data		Bank Total	
		% of #	#	%	% of #	#	%	#	%
Low	7.3/7.5	12.2	24	51.1	12.7	16	22.2	40	33.6
Moderate	25.8/26.4	35.9	18	38.3	37.6	43	59.7	61	51.3
Middle	30.0/27.2	28.8	5	10.6	24.8	10	13.9	15	12.6
Upper	36.9/38.8	23.1	0	0.0	24.9	3	4.2	3	2.5
\$0/NA	0.0/0.1	0.0	0	0.0	0.0	0	0.0	0	0.0
Total*	100.0/100.0	100.0	47	100.0	100.0	72	100.0	119	100.0

Source: 2000 and 2010 U.S. Census, 2011 and 2012 HMDA LARs and HMDA Aggregate Data

As indicated in Table 17, in 2011 and 2012, the Bank clearly exceeded the aggregate percentage of multi-family lenders in the California assessment area in both low- and moderate-income census tracts. A trend analysis was performed for 2013, which produced similar results. Out of 65 multi-family loans originated in California in YTD 2013, 14, or 21.5 percent, and 40, or 61.5

percent, respectively, were in low- and moderate-income census tracts in the California assessment area. Where the biggest share of the Bank's lending portfolio is multi-family loans, a market share analysis on this property type was also performed in California.

In 2011, out of 92 lenders that originated or purchased at least 1 multi-family loan in Los Angeles County, OneUnited Bank ranked 12th with 1.3 percent of the market share. It is important to note that JP Morgan Chase, N.A. ranked 1st with 51.7 percent of the market share. In low-income census tracts in the California assessment area, the Bank ranked 3rd and captured 5.4 percent of the market share to only have been out performed by JP Morgan Chase, N.A. who ranked 1st with 44.4 percent of the market share and BofI Federal Bank who ranked 2nd with 9.2 percent of the market. Both of these financial institutions are significantly larger than OneUnited Bank. The Bank also ranked 11th in multi-family loan originations and purchases in moderate-income census tracts, which represented 1.4 percent of the market. All of the banks that have a larger market share of multi-family loans or purchases in low- or moderate-income census tracts in the assessment area are larger than OneUnited Bank. Two of these are intermediate small banks like OneUnited Bank, while all of the other financial institutions are large banks under the CRA definitions.

In 2012, out of the 101 financial institutions that originated or purchased at least 1 multi-family loan in the California assessment area, the Bank ranked 10th with 1.3 percent of the market share, which is slightly better than the 2011 ranking and just under the 2011 market share. In low-income census tracts the Bank ranked 8th with 2.3 percent of the market share, while it ranked 10th in moderate-income tracts with 2.0 percent of the market share. Although lower market rankings than 2011, the Bank's performance is considered to be an excellent dispersion of multi-family loans throughout the low- and moderate-income census tracts in the assessment area. Once again it is important to note that all of the financial institutions that have a higher market ranking than OneUnited, in the 2012 market share analyses, are larger and in most instances significantly larger than OneUnited Bank.

As was previously noted, HMDA aggregate information is not available for 2013; therefore, no market share or aggregate analyses were performed.

Borrower Characteristics

The Bank's performance under this criterion in the California assessment area is reasonable, primarily because the Bank demonstrated that it is predominantly a multi-family dwelling lender in this market with, 81.4 percent of its total loan portfolio being multi-family loans. However, with that being said, the Bank originated 42 1-4 family loans that were subject to the HMDA data collection requirements, 19 in 2011 and 23 in 2012. Of these, 6 were to low-income borrowers (3 in each year) and 8 to moderate-income borrowers (2 in 2011 and 6 in 2012).

The number of loans is low, which would normally cause the results of the analyses to significantly change; however, the conclusions reached are based on the total number of home mortgage loans originated by the Bank regardless of whether borrower income information is collected. Reference is made to Table 18 for detailed information relating to the percentage of loans originated or purchased by the Bank in the California assessment area by borrower income classification.

Table 18 – Distribution of HMDA Loans by Borrower Income California Assessment Area									
Borrower Income Level	% of Total Family Households 2000/2010 Census	2011 Aggregate Lending Data	2011 Bank Data		2012 Aggregate Lending Data	2012 Bank Data		Bank Total	
		% of #	#	%	% of #	#	%	#	%
Low	24.6/24.1	3.0	3	4.2	3.4	3	3.1	6	3.5
Moderate	15.7/16.4	9.9	2	2.8	9.1	6	6.2	8	4.7
Middle	17.1/17.6	17.3	7	9.7	17.6	6	6.2	13	7.7
Upper	42.6/41.9	56.5	7	9.7	58.6	8	8.2	15	8.9
\$0/NA	--	13.3	53	73.6	11.3	74	76.3	127	75.2
Total*	100.0/100.0	100.0	72	100.0	100.0	97	100.0	169	100.0

Source: 2000 and 2010 U.S. Census, 2011 and 2012 HMDA LARs and HMDA Aggregate Data

When reviewing the family household data in Table 18, it is important to note that according to the 2010 U.S. Census, 12.6 percent of the low-income families are below poverty level.

A comparison of the Bank's performance to the aggregate indicates that the Bank was slightly ahead of the aggregate in the percentage of loans originated or purchased to low-income borrowers in 2011 and slightly lagged the aggregate in 2012. However, a comparison of the performance to moderate-income borrowers revealed that a larger percentage of the aggregate's home mortgage loans were to moderate-income borrowers. Because aggregate information is not available, a comparison against the aggregate was not conducted for 2013; however, it should be noted that for YTD 2013 the Bank has not originated or purchased any loans to low-income borrowers, and made only 3 loans to moderate-income borrowers.

In 2011, the Bank ranked 138th out of 265 lenders in home mortgage loans originated or purchased to low-income borrowers and 188th out of 304 lenders in 2012. The Bank's market share rankings to moderate-income borrowers were lower at 303rd out of 379 lenders in 2011 and at 232nd out of 408 lenders in 2012. Market share information is not available for 2013. The lack of loans to low- and moderate-income borrowers once again indicates that the Bank's focus is on multi-family properties and not on owner-occupied 1-4 family residential properties. While the overall percentage of loans to low- and moderate-income borrowers is reasonable, limited weight is given to these percentages due to the low volume of loans.

It should also be noted that neither the aggregate's nor the Bank's performance resembled the percentage of low- or moderate-income families that reside in the assessment area. The demographic data that this is compared to is the 2000 U.S. Census for the 2011 performance and the 2010 U.S. Census information for the 2012 performance, which is similar and considered to be the same for this analysis. According to the 2010 Census information, 24.1 percent of the family households were low-income and 16.4 percent were moderate-income, which is far greater than the percentage of loans originated by the aggregate and the Bank in these borrower income categories. It is important to note that 52.4 percent of the low-income families are below poverty level, which represents 12.6 percent of all of the family households in the assessment area. This demographic data lends support to the claim that it is difficult for low-income individuals, particularly those below the poverty level, to qualify for a conventional mortgage considering housing prices within the California assessment area. Additionally, slightly less

weight is assigned to this criterion, as 75.2 percent of the Bank's HMDA loans did not report income because they were multi-family loans.

Response to CRA Related Complaints

The Bank did not receive any CRA related complaints during the evaluation period in the California assessment area.

COMMUNITY DEVELOPMENT TEST

Overall, OneUnited Bank's community development performance demonstrated adequate responsiveness to the needs of the California AA based on the Bank's capacity and the availability of opportunities in the area.

Community Development Lending

OneUnited originated 75 CDLs, totaling \$66.4 million in California. Of these, 62 loans, totaling approximately \$51 million were originated within the California assessment area. The Bank originated 8 CDLs in 2011, 17 in 2012, and 37 in 2013 within the assessment area. All of the loans were multi-family loans and provided affordable rental housing to the assessment area. The Bank's current performance within the California assessment area almost tripled that of the previous evaluation, when the Bank originated 21 qualified CDLs for \$14.1 million. The need for affordable housing was noted by a community contact within the California assessment area. The Bank's level of CDLs in response to this need is significant. OneUnited's CDL activity is the strength of the Community Development Test in the California assessment area.

Investments

The Bank's qualified investments consist of a nominal level of donations, three CDs in CDFIs, and one equity investment. Together, these investment activities total \$675,950 over the evaluation period. This is an increase since the prior evaluation, when the Bank's qualified investments within the California assessment area totaled only \$27,375 and consisted of one equity investments and a low level of qualified donations.

As noted previously, the equity investment (California Economic Development Lending Initiative) was held by the Bank at the prior evaluation, and has a current book value of \$15,000. The investment benefits the California assessment area. During the evaluation period the Bank also invested \$150,000 in a CD in a CDFI, located within the California AA and 2 CDs in a CDFI in Oakland, California, totaling \$490,000 and benefiting a broader statewide area including the California AA.

The remaining \$20,950 consists of qualified donations made within the California AA. Table 19 contains a summary of the Bank's donation activity during the evaluation period.

Table 19 - Community Development Grants and Donations by Category										
Category	10/04/2010-12/31/2010		2011		2012		1/1/2013 – 11/05/2013		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	0	0	0	0	0	0	0	0
Community Services	0	0	7	7,650	6	7,300	4	2,500	17	17,450
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	1	1,500	1	2,000	2	3,500
Total	0	0	7	7,650	7	8,800	5	4,500	19	20,950

Source: Internal Bank Records

Please refer to the overall *Qualified Investments* section for specific detail regarding the Bank's donation activities.

Services

During the evaluation period only one member of Bank management provided financial expertise to a single community development organization (the Pacific Coast Regional Small Business Development Corporation) in the California AA. PCR is a CDFI that assists small business owners through financial and educational consulting services. While this level of involvement is considered low, it should be highlighted that OneUnited did actively participate in financial literacy seminars throughout the California assessment area during the evaluation period. In total, the Bank participated and/or sponsored approximately 27 sessions. By year, these sessions totaled 2 in 2011, 18 in 2012, and 7 in YTD 2013. The sessions included basic banking to children and adults, first-time homebuyer sessions, and *Money Smart* presentations. The majority of the sessions was provided in low- and moderate-income areas and targeted low- and moderate-income individuals.

As previously noted, the Bank's Stocker branch is in a low-income census tract and the Compton and Pasadena branches are located in moderate-income census tracts. All three of these locations are open until 6:00 p.m. on Fridays and from 9:00 a.m. until 1:00 p.m. on Saturdays.

Please refer to the overall *Qualified Services* section for additional information on these activities.

STATE RATING - MASSACHUSETTS

CRA RATING FOR Massachusetts:

The Lending Test is rated:

The Community Development Test is rated:

NEEDS TO IMPROVE

Needs to Improve

Satisfactory

SCOPE OF EXAMINATION

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2011, 2012, and YTD 2013. With respect to the Community Development Test, the data analyzed and considered was from the previous FDIC CRA evaluation through November 5, 2013.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN *Massachusetts*:

OneUnited Bank is a Massachusetts-chartered financial institution. Currently, OneUnited maintains and operates its headquarters and two retail branch offices within its Massachusetts assessment area. According to 2010 U.S. Census information, the Bank's headquarters is located in a high-income census tract, while the Roxbury and Dorchester branches are located in low- and moderate-income census tracts, respectively. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* sections for additional information about the institution and the demographics of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *Massachusetts*:

LENDING TEST

OneUnited did not adequately meet the credit needs of the Massachusetts AA. The Bank's poor level of home mortgage lending in the area resulted in a Needs to Improve Lending Test rating for the Massachusetts assessment area.

Loan-to-Deposit Ratio

Bank management provided information pertaining to the Bank's LTD ratio in the State of Massachusetts as of June 30, 2011, 2012, and as of September 30, 2013. OneUnited's LTD ratio was 83.3 percent in 2011, 80.4 percent in 2012, and 78.8 percent in 2013. The LTD ratio initially increased during the evaluation period from 79.4 percent at the last evaluation. However, since June 30, 2011, the LTD ratio has been continuously declining and as of September 30, 2013 is slightly below the last LTD ratio noted in the October 4, 2010 evaluation. The Bank's loans and deposits declined at about the same pace since the last evaluation with the loan portfolio being approximately \$4.4 million less and deposits being about \$5.4 below their 2010 levels. The Bank's Massachusetts LTD ratio is reasonable.

Lending Activity

OneUnited's lending activity in the Massachusetts assessment area is considered poor. During the evaluation period, the Bank originated and purchased a total of 26 loans in the assessment area of which 2 were in 2011, 16 were in 2012, and 8 were in YTD 2013. Market rank reports and HMDA aggregate information indicate that there was demand and opportunity to lend or purchase loans in the assessment area during 2011 and 2012. This does not meet standards of satisfactory performance given OneUnited's asset size, business focus, and branch structure, as

well as lending opportunities within the Massachusetts assessment area. The Bank maintains 3 offices in Massachusetts, representing one-third of the Bank's entire branch network.

Geographic Distribution

The low volume of residential mortgage loans significantly affected OneUnited's performance under this criterion. Although noted that lending slightly improved in 2012, originating two loans in 2011 and only eight loans in YTD 2013, the Bank has not met the lending needs of its assessment area. However, while small in number, it is recognized that 12 of the 18 (66.7 percent) loans originated or purchased in the assessment area in 2011 and 2012 were in low- and moderate-income census tracts. This performance is consistent with the Bank's lending efforts in the California assessment area; however, at a much smaller volume. Generally, a comparison to aggregate data is conducted; however, because of the small volume of loans in Massachusetts, the analyses would not result in any meaningful conclusion. Please refer to Table 20 for additional information regarding the aggregate lender's and the Bank's geographic distribution of loans during the evaluation period in the Massachusetts assessment area.

Table 20 – Distribution of HMDA Loans by Income Category of the Census Tract Massachusetts Assessment Area									
Census Tract Income Level	% of Total Housing Units 2000/2010 Census	2011 Aggregate Lending Data	2011 Bank Data		2012 Aggregate Lending Data	2012 Bank Data		Bank Total	
		% of #	#	%	% of #	#	%	#	%
Low	15.6/23.5	8.0	1	50.0	10.3	4	25.0	5	27.8
Moderate	45.8/32.1	31.3	1	50.0	23.5	6	37.5	7	38.9
Middle	26.0/25.3	41.5	0	0.0	31.1	5	31.3	5	27.8
Upper	12.6/19.1	19.2	0	0.0	35.0	1	6.2	1	5.5
\$0/NA	0.0/0.0	0.0	0	0.0	0.1	0	0.0	0	0.0
Total*	100.0/100.0	100.0	2	100.0	100.0	16	100.0	18	100.0

Source: 2000 and 2010 U.S. Census, 2011 and 2012 HMDA LARs and HMDA Aggregate Data

In 2013, the Bank originated or purchased eight loans in the assessment area, of which four were in low-income census tracts, three were in moderate-income tracts, and one was in an upper-income tract. The Bank did not originate or purchase any home mortgage loan in any middle-income tracts in Suffolk County.

In the Massachusetts assessment area, in 2011, the aggregate market originated or purchased 1,895 loans in low- and 7,408 loans in moderate-income census tracts. The Bank had an overall market share ranking of 296th out of 411 lenders who originated or purchased at least one home mortgage loan in the assessment area. In 2012, the aggregate market originated or purchased 3,213 loans in low- and 7,314 loans in moderate-income census tracts. The Bank ranked 150th out of 434 lenders in the assessment area.

In 2011, the Bank ranked 155th out of 188 lenders in low-income tracts and 252nd out of 303 lenders in moderate-income tracts in the Massachusetts assessment area. Of the two loans originated by the Bank in 2011, one loan was made in a low-income tract and one in a moderate-income tract. In 2012, the Bank ranked 107th out of 237 lenders in low-income tracts and 120th out of 300 lenders in moderate-income tracts in the Massachusetts assessment area. Of the 16 loans originated or purchased by the Bank in Massachusetts, in 2012, 4 were in low-income

census tracts and 6 were in moderate-income tracts. Market rank reports for 2013 are not available.

Borrower Characteristics

The Bank's performance in the Massachusetts assessment area reflects a poor penetration among individuals of different income levels including low- and moderate-income individuals. The Bank's level of lending in 2011 was poor. Market data reflects demand and opportunities for residential loans in the Massachusetts assessment area. A total of 188 lenders originated or purchased 1,895 home mortgage loans to low-income individuals, in the assessment area in 2011. The Bank did not originate or purchase low-income borrower loans. The Bank also did not originate or purchase any loans to moderate-income borrowers in 2011, while 303 lenders originated or purchased 7,408 home mortgage loans. In total the Bank originated only two loans in the Massachusetts assessment area during 2011, and neither was to low- or moderate-income individuals.

In 2012, the Bank's performance increased to 1 loan to low-income borrowers and 7 loans to moderate-income borrowers. Lending demand and opportunities were much greater in 2012, with 148 lenders originating or purchasing 1,245 home mortgage loans to low-income borrowers. The Bank was ranked 125th out of the 148 lenders with .08 percent of the market share. A total of 263 lenders originated or purchased 4,807 home mortgage loans to moderate-income borrowers during 2012. The Bank's moderate-income lending performance was better than its low-income lending performance, with a market ranking of 88th out of the 263 lenders and capturing a market share of .15 percent.

Table 21 provides a breakdown of the Bank's and the aggregate lender's performance to low- and moderate-income borrowers during 2011 and 2012.

Table 21 – Distribution of HMDA Loans by Borrower Income Massachusetts Assessment Area									
Borrower Income Level	% of Total Family Households 2000/2010 Census	2011 Aggregate Lending Data	2011 Bank Data		2012 Aggregate Lending Data	2012 Bank Data		Bank Total	
		% of #	#	%	% of #	#	%	#	%
Low	36.0/37.7	4.1	0	0.0	4.0	1	6.3	1	5.6
Moderate	19.7/17.6	15.9	0	0.0	15.5	7	43.8	7	38.8
Middle	19.5/17.2	21.5	1	50.0	23.3	2	12.5	3	16.7
Upper	24.8/27.5	42.2	1	50.0	43.5	3	18.7	4	22.2
\$0/NA	--	16.3	0	0.0	13.7	3	18.7	3	16.7
Total*	100.0/100.0	100.0	2	100.0	100.0	16	100.0	18	100.0

Source: 2000 and 2010 U.S. Census, 2011 and 2012 HMDA LARs and HMDA Aggregate Data

Although the volume of home mortgage loans to low- and moderate-income individuals reflects a poor penetration, in 2012, it should be noted that approximately 50 percent of the loans originated or purchased by the Bank in 2012 were to low- and moderate-income individuals. During 2012, the Bank surpassed the aggregate lender's percentages of loans to both low- and moderate-income borrowers; however, it is important to point out that because of the low volume that one loan in either direction can significantly affect the outcome of the analysis.

The Bank's performance in 2013 was reviewed for trend purposes. A total of eight loans were originated or purchased in the Massachusetts assessment area during the period. Of these, one was to a low-income borrower and three were to moderate-income borrowers. The loan volume in 2013 was trending downwards; however, the percentage of loans to low- and moderate-income individuals remained at 50 percent. As previously noted, aggregate information for 2013 is not available.

It should also be noted that neither the aggregate lender's nor the Bank's performance resembled the percentage of low- or moderate-income families that reside in the assessment area. As was previously noted, the demographic data is compared to the 2000 U.S. Census for the 2011 performance and the 2010 U.S. Census information is utilized for the 2012 performance. According to the 2010 Census information, 37.7 percent of the family households were low-income and 17.6 percent were moderate-income, which is far greater than the percentage of loans originated by the aggregate. 41.6 percent of the low-income families are below poverty level, which represents 15.7 percent of all of the family households in the assessment area. This data highlights potential difficulty for low-income individuals, particularly those below the poverty level, to qualify for a conventional mortgage considering housing prices within the Massachusetts assessment area; nonetheless, market data reflects there was lending demand and opportunities during the evaluation period.

Response to CRA Related Complaints

The Bank did not receive any CRA related complaints during the review period in the Massachusetts assessment area.

COMMUNITY DEVELOPMENT TEST

The Bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the Massachusetts AA through qualified donations and community development services, with emphasis on financial literacy. ISI procedures do not require a bank to display activity within each area of the Community Development Test (Lending, Investments, and Services); rather, the test is designed for the institution to identify the needs of the area and to take steps to meet those needs.

Community Development Lending

The Bank did not make any CDLs inside the Massachusetts assessment area during the evaluation period. During the prior evaluation the Bank had one CDL totaling \$600,000. As previously mentioned within the *Description of the Assessment Areas*, the community contact identified affordable housing as a need in the assessment area. The lack of community development lending is a concern and does impact the Bank's overall performance.

Investments

The Bank does not maintain any qualified equity investments or CDs in the Massachusetts assessment area. However, the Bank's level of qualified donations increased since the last evaluation (\$15,000) and currently totals \$58,745. Approximately 60 percent of the Bank's total qualified donations at the current evaluation were made in the Massachusetts AA.

Table 22 contains a summary of the Bank's donation activity during the evaluation period.

Table 22 – Massachusetts Community Development Grants and Donations by Category										
Category	10/04/2010-12/31/2010		2011		2012		1/1/2013 – 11/05/2013		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	2	2,150	4	4,650	1	1,000	7	7,800
Community Services	2	350	3	11,925	15	18,520	6	7,250	26	38,045
Revitalization/Stabilization	1	100	2	3,100	2	2,600	1	1,000	6	6,800
Economic Development	0	0	0	0	2	2,500	3	3,600	5	6,100
Total	3	450	7	17,175	23	28,270	11	12,850	46	58,745

Source: Internal Bank Records

Please refer to the overall *Qualified Investments* section for additional information on the Bank's activities.

Services

During the review period Bank management provided financial expertise to a single community development organization (Links, Inc.) in the Massachusetts AA. Links, Inc. is a volunteer organization that focuses on meeting the community development needs of women in the Massachusetts assessment area, with an emphasis on financial literacy. The organization primarily serves low- and moderate-income individuals. While this level of involvement in community development organizations is considered low, it should be highlighted that OneUnited also participates in national community development organizations. Activities in these national organizations benefit each of the Bank's assessment areas.

The Bank actively participated in financial literacy seminars throughout the evaluation period inside the Massachusetts assessment area. In total, the Bank participated and/or sponsored approximately 31 sessions. By year, these sessions totaled 9 in 2011, 17 in 2012, and 5 in YTD 2013. The Massachusetts assessment area had the most financial literacy involvement, compared to the other areas. The sessions included basic banking to children and adults, first-time homebuyer sessions, and *Money Smart* presentations. The majority of the sessions was provided in low- and moderate-income areas and targeted low- and moderate-income individuals. It is important to highlight that the community contact for Massachusetts identified financial literacy as a need in the area. The Bank's President is very active in teaching financial literacy.

Please refer to the overall *Qualified Services* section for details on the Bank's activities.

Both of the Bank's full-service branch locations are in low- and moderate-income census tracts. The Roxbury branch is located in a low-income census tract while the Dorchester branch is located in a moderate-income census tract. The Dorchester branch also offers extended weekday hours on Friday and is opened Saturdays.

STATE RATING - FLORIDA

CRA RATING FOR Florida:

The Lending Test is rated:

The Community Development Test is rated:

SUBSTANTIAL NONCOMPLIANCE

Substantial Noncompliance

Needs to Improve

SCOPE OF EXAMINATION

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2011, 2012, and YTD 2013. With respect to the Community Development Test, the data analyzed and considered is from the previous FDIC CRA evaluation through November 5, 2013.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN *Florida*:

OneUnited Bank acquired the former Peoples Bank of Commerce (Peoples) in Miami in 1999. The Bank now operates one of the former Peoples' branches within its Florida assessment area having closed the Lauderdale Lakes, Florida branch in March 2012. Despite intentions to increase lending activities in Florida, the Bank has had little success in originating or purchasing any home mortgage loans. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* sections for additional information about the institution and the demographics of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *Florida*:

LENDING TEST

OneUnited Bank did not meet the credit needs of the Florida assessment area. Based on the overall low volume of home mortgage lending, a rating of Substantial Non-Compliance is assigned in the Florida assessment area.

Loan-to-Deposit Ratio

Bank management provided information pertaining to the Bank's LTD ratio in the State of Florida as of June 30, 2011, 2012, and as of September 30, 2013. The Bank's LTD ratio was at 114.2 percent in 2011, 80.4 percent in 2012, and at 58.1 percent as of September 30, 2013.

As was previously noted, a review of the Bank's LTD ratio, as well as discussions with management revealed that the change in the Bank's LTD ratio in Florida, since the last evaluation, is due to a significant increase in the Bank's deposits. As previously indicated, management attributed part of the deposit growth to a significant increase in municipal deposits in the Florida market. However, the loan portfolio also decreased from \$24.8 million as of June 30, 2010 to \$19.5 million as of September 30, 2013, which also had an effect on the ratio. It is important to note that the total loans in the Florida assessment area have been steadily decreasing for the past two evaluations. At the last evaluation, the loan portfolio's balance was at \$31.8 million as of June 30, 2008. Overall, the Bank's Florida LTD is of concern and is less than reasonable as of September 30, 2013.

Lending Activity

The Bank's lending activity in the Florida assessment area is considered very poor. During the evaluation period the Bank originated or purchased only eight home mortgage loans in the

assessment area. The volume of loans was too low to conduct analyses or reach conclusions. This level of lending is well below the standards of satisfactory performance given the Bank's asset size, business focus, branch structure, and lending opportunities within the Florida assessment area.

Geographic Distribution

The Bank's very low volume of home mortgage loans in the assessment area significantly affected the Bank's performance under this criterion. As was previously discussed, the Bank originated or purchased only 8 loans in the Florida assessment area during the period reviewed. Of these, 4, or 50 percent, were in low- or moderate-income census tracts; however, the percentage does not appropriately reflect the Bank's performance.

In 2011, one of the two loans originated or purchased by the Bank was in a low-income tract and no loans were in moderate-income census tracts. In 2012, two of the three loans were in moderate-income tracts. There were no loans originated or purchased in the low-income census tracts. Of the three loans originated or purchased in Florida, in 2013, one was in a moderate-income tract and none were in low-income tracts.

In 2011, the aggregate market originated or purchased 1,092 loans in low- and 4,227 loans in moderate-income census tracts. The Bank ranked 107th out of 112 lenders in low-income tracts. Because it did not originate or purchase any loans in the moderate-income tracts it did not have a market ranking; however, there were a total of 216 lenders that originated at least 1 loan in the moderate-income tracts in the Florida assessment area in 2011.

In 2012, the aggregate market originated or purchased 505 loans in low- and 5,290 loans in moderate-income census tracts. In 2012, the Bank did not originate or purchase any loans in the low-income census tracts that are in the Florida assessment area; however, 97 lenders originated or purchased 505 loans. In moderate-income tracts the Bank ranked 130th out of 237 lenders. These figures reveal that opportunities to make or purchase home mortgage loans in low- and moderate-income tracts existed in the Florida assessment areas.

Borrower Characteristics

The Bank's home mortgage loan performance in the Florida assessment area resulted in a very poor penetration of individuals of different income levels (including low- and moderate-income) individuals.

In 2011, the Bank originated or purchased one loan to a low-income borrower and no loans to moderate-income borrowers. In 2012, no home mortgage loans were to low-income borrowers and two were to moderate-income borrowers. During YTD 2013 the Bank originated or purchased one loan to each of the low- or moderate-income borrower classifications. As was previously noted, the numbers of loans originated or purchased in each year is too small to arrive at any meaningful conclusion other than the performance reflects a poor penetration of low- and moderate-income borrowers in the Florida assessment areas.

As was noted under the overall conclusions, in 2011, the Bank was ranked 67th out of 88 lenders who originated or purchased 1,031 residential loans to low-income borrowers. As was previously noted, the Bank did not make or purchase any residential loans to moderate-income borrowers in the Florida assessment area in 2011; however, the market share reports disclose that 216 lenders made or purchased 4,227 residential loans to moderate-income borrowers. In 2012, the Bank did not originate or purchase any residential loans to low-income borrowers; however, 97 lenders originated or purchased 505 loans. As was previously noted, the Bank originated or

purchased 2 loans to moderate-income borrowers in the Florida assessment area in 2012. As a result, the Bank had a market ranking of 103 out 159 lenders who in aggregate provided 4,959 loans. The HMDA market share data highlights there was demand and opportunities to originate or purchase home mortgage loans to low- or moderate-income borrowers in the Florida assessment area in 2011 and 2012.

Response to CRA Related Complaints

The Bank did not receive any CRA related complaints during the review period in the Florida assessment area.

COMMUNITY DEVELOPMENT TEST

The Bank's community development performance demonstrates poor responsiveness to the community development needs of the Florida AA through its lack of CDLs, limited qualified investments, and nominal community development service involvement.

Lending

Despite the need for affordable housing, there were no CDLs made in the Florida AA. The Bank has not made a CDL in the area since 2007. As noted within the *Description of the Assessment Areas* section, the community contact indicated that there continues to be a tremendous need for affordable housing within the Florida assessment area.

Investments

The Bank maintains three qualified CDs, totaling \$494,102. Two of the CDs are new since the last evaluation, while the third is a CD that remains on the Bank's books. In addition, OneUnited made qualified charitable donations totaling \$19,325. While the total is considered nominal, it is important to highlight that it is an improvement since the last evaluation when the Bank only made \$6,425 in qualified donations inside the Florida assessment area. The overall investment activity increased since the prior evaluation.

Table 23 contains a summary of the Bank's donation activity during the evaluation period.

Table 23 – Florida Community Development Grants and Donations by Category										
Category	10/04/2010-12/31/2010		2011		2012		1/1/2013 – 11/05/2013		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	1	1,000	3	3,125	1	2,500	5	6,625
Community Services	0	0	1	300	1	100	3	4,800	5	5,200
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	1	5,000	1	1,000	1	1,500	3	7,500
Total	0	0	3	6,300	5	4,225	5	8,800	13	19,325

Source: Internal Bank Records

Please refer to the overall *Qualified Investments* section for additional information on the Bank's activities.

Services

Involvement in community organizations by management was minimal, with only one officer of the Bank serving on the United Way Center for Financial Stability as part of the "Ways to Work Program." This Program helps low- and moderate-income individuals secure low-interest loans to purchase a used car or to refinance an existing car loan.

Similar to the other assessment areas, OneUnited also participated in financial literacy seminars in the Florida assessment area. In total, the Bank participated in six sessions. By year, the Bank participated in one session in 2011, five sessions in 2012, and no sessions in YTD 2013. One of these seminars was for first-time homebuyers and the remaining sessions were on topics such as affordable real estate, financing, and FDIC insurance. The majority of the sessions took place in low- or moderate-income tracts and targeted low- and moderate-income individuals.

A review of the Bank's retail operations revealed that the Florida branch is located in a moderate-income tract. Since the previous examination, the Bank closed its Lauderdale Lakes branch, which was also located in a moderate-income tract. The remaining Miami branch offers extended hours on Friday and is open on Saturday mornings.

METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS (California/Massachusetts/Florida):

The California, Massachusetts, and Florida assessment areas are situated in the Los Angeles-Long Beach-Glendale, CA MD; the Boston-Quincy, MA MD; and the Miami-Miami Beach-Kendall, FL MD, respectively. Please refer to the respective sections within the *Description of the Assessment Areas* for additional information.

A summary of the operations within each State and subsequent MD is specifically addressed in the overall discussion of *Conclusions with Respect to Performance Tests* and the specific summary of State ratings. Please refer to each of these areas of the evaluation for additional information.

CONCLUSION WITH RESPECT TO PERFORMANCE TESTS (California/Massachusetts/Florida):

The conclusions with respect to each State and subsequent MD are captured within the individual State ratings. Please refer to the applicable State rating (California/Massachusetts/Florida) for additional information.

APPENDIX A
Massachusetts Division of Banks
Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair, but flexible lending policies.

All employees are provided with training appropriate to their job description and responsibilities in fair lending issues.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

Minority Application Flow

According to the 2000 U.S. Census Data, the Bank's Massachusetts AA contained a total population of 689,807 individuals of which 47.9 percent are minorities. The area's minority and ethnic population is 20.9 percent Black/African American, 15.5 percent Hispanic or Latino, 7.0 percent Asian/Pacific, 4.3 percent other and 0.2 percent American Indian.

According to the 2010 U.S. Census data, the Bank's Massachusetts AA contained a total population of 722,023 individuals of which 51.9 percent are minorities. The area's minority and ethnic population is 20.1 Hispanic or Latino, 19.8 percent Black/African American, 8.2 percent Asian/Pacific, 3.9 percent other, and 0.2 percent American Indian.

For 2011, the Bank received 10 HMDA reportable loan applications from within its assessment area all of which were received from minority applicants. Of these applications, 3 or 30.0 percent resulted in originations. For 2012, the Bank received 24 HMDA-reportable applications of which 8 or 33.3%

While the Bank's minority application flow, by percentage, exceeded the aggregate, it should be noted that this performance is tempered by the overall very low volume of total applications.

APPENDIX B

SCOPE OF EXAMINATION:

OneUnited Bank	
SCOPE OF EXAMINATION:	Intermediate Small Institution CRA evaluation: Lending Test and Community Development Test
TIME PERIOD REVIEWED:	HMDA Loans: 2011, 2012, and YTD 2013 (through September 30) Community Development Activities: October 4, 2010 through November 5, 2013
PRODUCTS REVIEWED:	HMDA reportable loans

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
NA	NA	NA

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Massachusetts (Suffolk County)	CRA (ISI)	NA	NA
California (Los Angeles County)	CRA (ISI)	3683 Crenshaw Blvd. Los Angeles, CA 90016 205 E. Compton Blvd. Compton, CA 90220	NA
Florida (Miami-Dade County)	CRA (ISI)	NA	NA

APPENDIX C

FDIC

SUMMARY OF STATE RATINGS			
STATE NAME:	LENDING TEST RATING:	COMMUNITY DEVELOPMENT TEST RATING:	OVERALL STATE RATING:
California	Satisfactory	Satisfactory	Satisfactory
Massachusetts	Needs to Improve	Satisfactory	Needs to Improve
Florida	Substantial Noncompliance	Needs to Improve	Substantial Noncompliance

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and by the Federal Deposit Insurance Corporation, at 100 Franklin Street, Boston, Massachusetts."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.